

THE CHINESE DIASPORA:  
CHINA'S INSTRUMENT OF POWER?

BY  
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## APPROVAL

The undersigned certify that this thesis meets masters-level standards of research, argumentation, and expression.

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## DISCLAIMER

The conclusions and opinions expressed in this document are those of the author. They do not reflect the official position of the US Government, Department of Defense, the United States Air Force, or Air University.

## ABOUT THE AUTHOR

Lieutenant Colonel Olivier Brault is a French Air Force officer. After his graduation from the French Air Force Academy in 1996 as an Air Force commando, he grew in the realm of ground defense and nuclear safety until he took command of an Air Force commando squadron in 2000. He joined the French Air Force Special Forces in 2003. He was a practitioner of irregular warfare during his three tours in Afghanistan from 2004 to 2006. This experience led him to become aware of the effectiveness that a loosely-organized but highly motivated “accidental guerrilla,” to borrow from Kilcullen’s words, could have against well structured and vastly more powerful forces. From there, the step to the study of the potential role of the Chinese diaspora in a “borderless battlefield” was tenuous.

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## ABSTRACT

This study argues that if the PRC cannot hope for a massive mobilization of its Southeast Asian diaspora, it has nevertheless the potential to turn a fringe of its diaspora into an effective instrument of power. On a broad scale, it shows that the potential for a massive mobilization of the Chinese diaspora by the PRC is nonexistent because more often than not only the host nations and the PRC see significant economic and stability advantages in the harnessing of its diaspora by the PRC. The majority within Chinese communities, however, have little incentive in cooperating with the PRC. Informed by history, the bulk of ethnic Chinese are wary of China's traditional "blood allegiance" rhetoric and they probably do not want to take the risk of losing the benefits of their accomplishments by infuriating their host communities. If Beijing cannot expect to "levee-en-masse" shadowy armies of ethnic Chinese to further its strategic interests, there is still the disturbing potential for the PRC to leverage the active cooperation of growing numbers of influential ethnic Chinese individuals, organizations, and communities. There are two main reasons that lead to this claim. First, the PRC's growing economic and military power allows it to better convince that it is genuinely concerned about protecting its "blood" overseas, therefore dampening the negative effect that pressure by hostile host communities has on the willingness of ethnic Chinese to openly cooperate with the PRC. Second, Beijing actively endeavors to build a worldwide network of influential individuals and organizations which already allows it to expand practices with which it is already familiar, such as: leveraging of powerful personages to influence the policy of foreign countries, enticing Overseas Chinese organizations to defend or actively further Beijing's political agenda, and appealing to them to voice their support of China's domestic and foreign policies.

## CONTENTS

Chapter	Page
DISCLAIMER . . . . .	ii
ABOUT THE AUTHOR . . . . .	iii
ACKNOWLEDGMENTS . . . . .	iv
ABSTRACT . . . . .	v
INTRODUCTION . . . . .	1
1 FROM REJECTION TO SEDUCTION . . . . .	9
2 OVERSEAS CHINESE'S INTERESTS . . . . .	35
3 HOST NATIONS' INTERESTS . . . . .	52
4 THE PEOPLE'S REPUBLIC OF CHINA'S INTERESTS . . . . .	74
CONCLUSION . . . . .	101
BIBLIOGRAPHY . . . . .	108
APPENDIX . . . . .	120

## Illustrations

### Table

1 The Ranking of Overseas Chinese . . . . .	15
2 Cost/Benefit analysis of Southeast Asia Overseas Chinese's interests . . . . .	49
3 Cost/Benefit analysis of Southeast Asia Host Nations' interests .	70
4 Cost/Benefit analysis of the PRC's interests . . . . .	98

Figure

1	China, FDI inflows (current US\$), 1979-2005 . . . . .	29
2	Main sources of FDI in China. . . . .	29
3	Chinese students studying abroad . . . . .	30
4	Factors ranked as very important in the decision to return to live in one's country of birth. . . . .	31



## INTRODUCTION

*No matter how long they are separated from the  
motherland, ethnic and overseas Chinese always  
cherish deep feelings toward their native land.*

- Jiang Zemin, President of the People's Republic of China-

The cornerstone of the People's Republic of China's (PRC) foreign policy is the Five Principles of Peaceful Coexistence. These principles, which are enshrined in the PRC's Constitution, are: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.<sup>1</sup> These peace-based principles have served the PRC well. Fifty-five years after their proclamation, the country is rising in political and economic power and influence and is on its way to overtake Japan as the country with the second largest national Gross Domestic Product. Despite its achievements, the PRC's leaders are all too well aware of the relative frailty underpinning their country's economic growth. The PRC's continuing growth and success lies in taking advantage of what its leaders see as the current window of strategic opportunity. The rhetoric for peace recurrently hammered by Beijing's ambassadors ensures that neither foreign nor domestic crises perturb their quiet path to success.

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<sup>1</sup> Wen Jiabao, Premier of the State Council of the People's Republic of China, "Carrying Forward the Five Principles of Peaceful Coexistence in the Promotion of Peace and Development" (speech, Great Hall of the People, Beijing, People's Republic of China, 28 June 2004).

<http://www.fmprc.gov.cn/eng/topics/seminaronfiveprinciples/t140777.htm>  
(accessed 25 January 2010).

While claiming that the PRC pursues a “Peaceful Rise” policy, the latest White Paper on National Defense, published in 2009, advocates the building of “a fortified national defense and strong military forces compatible with national security and development interests.”<sup>2</sup> This military assertiveness, confirmed by the fact that China has become the world's number two military spender since 2007, has led leaders of neighboring countries as well as the United States to wonder if the PRC is a friend or a foe.<sup>3</sup> Attracted on the one hand by the immense economic potential of its domestic market, and certainly willing to cooperate with this future giant in the hope for mutually beneficial agreements, the leaders of many states are understandably wary of a power whose military tradition hinges heavily on the teachings of the master of deception—Sun Tzu.

Those seeking to divine the PRC’s true intentions behind its growing economic and political power, and modernization of its military capabilities, have some of their fears confirmed in documents published within the country. In particular, those who see China as a threat point to works such as *Unrestricted Warfare*. This study, published in 1999 by two senior People’s Liberation Army (PLA) officers, advocates a concept of “warfare beyond limits.” The authors indeed blur the distinction between peace and war when they affirm “that all the boundaries lying between the two worlds of war and non-war, of military and non-military, will be totally destroyed.”<sup>4</sup> Their main argument is that the entire world, subject as it is to overwhelming globalization, has turned into a single

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<sup>2</sup> State Council Information Office of the Chinese government, *China's National Defense in 2008*, White Paper on National Defense, 20 January 2009, 4, [http://www.china.org.cn/government/central\\_government/2009-01/20/content\\_17155577\\_4.htm](http://www.china.org.cn/government/central_government/2009-01/20/content_17155577_4.htm) (accessed 25 January 2010).

<sup>3</sup> Arthur Herman, “America's Looming China Challenge,” *New York Post*, 26 January 2010, <http://ebird.osd.mil/ebfiles/e20100126730252.html> (accessed 27 January 2010).

<sup>4</sup> Qiao Liang and Wang Xiangsui, *Unrestricted Warfare*, (Beijing, PRC: PLA Literature and Arts Publishing House, 1999), 12, <http://www.c4i.org/unrestricted.pdf> (accessed 27 January 2010).

“borderless battlefield” and that “it is no longer possible to rely on military forces and weapons alone to achieve national security in the larger strategic sense.”<sup>5</sup> Even if it is difficult to assess accurately the influence this work has on current Chinese strategic thought and policy, one can assume that this multidimensional approach to warfare can be embraced at the highest political levels. This is particularly true for a country like China as it seeks to achieve its national security objectives while making up for its military inferiority relative to the United States.

*Unrestricted Warfare* lays out an exhaustive inventory of non-military factors to be considered and exploited but one is absent: the Chinese diaspora. The numerous, worldwide, and increasingly connected overseas Chinese communities seem to be the ideal tool to operate in a seamless global and multidimensional world where peace, conflicts, and war merge together. Whether this omission in *Unrestricted Warfare* is by accident or design is not relevant to this paper. What is relevant though is that the Chinese government’s policy directed towards the ethnic Chinese living abroad has radically evolved recently from one of rejection to one of seduction. As many scholars commonly point out, those within Chinese diasporas have been increasingly responsive to this charm offensive, noticeably through their massive contribution to the economic development of the PRC by means of remittances or direct investments. Moreover, there is a growing body of evidence that a ceaselessly “larger, thicker and stronger” Chinese diaspora turns into what Dr. Michael Fullilove has labeled as a different “world wide web”: the one emanating from China, “with dense, interlocking, often electronic strands spanning the globe and binding different individuals, institutions and countries together.”<sup>6</sup>

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<sup>5</sup> Liang and Xiangsui, *Unrestricted Warfare*, 221.

<sup>6</sup> Michael Fullilove, *World Wide Webs: Diasporas and the International System*, Lowy Institute Paper 22 (Sydney, Australia: Lowy Institute for International Policy, 2008), vii-ix.

The purpose of this thesis is to answer the question which flows from the preceding discussion: to what extent can the People's Republic of China convert its 39 million overseas Chinese spread over more than 150 countries into a national instrument of power? To do so, this thesis hinges on a framework that specifically focuses on the process of mobilization of its diaspora by the PRC and recognizes that this process is prominently dependent on the triangular relationship that binds three actors—the Overseas Chinese, their host states, and the PRC itself. This framework brings a distinct perspective in the field of study of the Chinese diaspora by simultaneously comparing the interests that each of the involved actors have in dealing with the two others. This unique standpoint informs the core assumption underpinning this paper: the potential for the mobilization of the Chinese diaspora only exists when the interests of the three actors concur.

In support of this framework, this thesis uses a comparative case study approach to determine through a cost-benefit analysis the interests of each of the three involved actors in dealing with the two others. For practical reasons such as time, space, and availability of academic sources, the scope of this study has been limited to Southeast Asia augmented with the Pacific Islands. It is also assumed that this region, which hosts more than two thirds of the worldwide Chinese diaspora, covers such a variety of situations that the conclusions of the study might be realistically expanded to other areas of the world.

Yet, it must be recognized upfront that two challenging hurdles have hindered research into this subject and, therefore, this thesis should not be viewed as the last word on the subject but rather as a theoretical exploration that opens the door for further investigation. The initial challenge is writing objectively on any subject that relates to China while avoiding the phenomenon of polarization that currently plagues discussions in the West on the PRC. Unfortunately, much of the

literature leans toward the line of reasoning that interprets each of China's moves as part of a broader conspiracy. Understanding what underpins the conspiratorial approach to China's military and foreign policy is necessary to explain why this view is so attractive to many. Two main elements contribute to the belief in a conspiracy. The first is the "China threat" theory. This theory, which is deeply ingrained in some Western thinking due to an innate suspicion of things foreign and Eastern, suggests that China's rise to the status of superpower seems unstoppable and conflict with its neighbors or the United States is inevitable. As Denny Roy, a Research Fellow in the Australian Strategic and Defence Studies Centre, explains, this alarmist conjecture has gathered momentum since the early 1990s in the wake of China's initial economic boom and the heavy-handed response to students demonstrating in Tiananmen Square.<sup>7</sup>

The other element contributing to the conspiracy theory is the PRC's traditional reliance on both propaganda and censorship to tightly control the information on or about the regime, which makes it difficult for outsiders to delineate reality from fiction. If one needs to be convinced of China's skills in terms of information control and counter-propaganda, one has but to use an online search engine such as Google for the phrase "China threat theory." At least nine out of the first ten entries recovered by the search engine are forceful refutations of this theory, more often than not in PRC-controlled publications such as *Xinhua*, *China Daily*, or *People's Daily*. In terms of censorship, the fact that Chinese authorities barred its citizens from using Twitter and

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<sup>7</sup> Denny Roy, "The 'China Threat' Issue: Major Arguments," *Asian Survey*, Vol. 36, No. 8 (August 1996): 758-771, <http://www.jstor.org/stable/2645437> (accessed 29 January 2010).

Facebook after the riots that occurred in Xinjiang in July 2009 speaks volumes as to their ability to control information.<sup>8</sup>

The second challenge in assessing the capacity China has in mobilizing its diaspora relates most importantly to the availability of suitable material. One problem with source material is the language barrier. The author cannot read Chinese and therefore sources are limited to those in English, French, and (poorly) software-translated online Chinese publications. In addition, official Chinese publications are either prone to censorship and propaganda, or inaccessible due to the traditional PRC preference for secrecy. Research into Chinese diasporas also suffers from the paucity in publications on the subject. Works on the economic, cultural, and political roles of overseas Chinese are plentiful but few address the role of overseas Chinese in helping the PRC achieve some of its national security objectives. This absence of literature is more reflective of the challenges that researchers encounter when dealing with this subject rather than an actual absence of interest from scholars. This lack of access to primary sources informs the methodology used in this thesis, which draws upon the already largely covered economical, cultural and political frameworks as working models.

Given these challenges and the inherent subjectivity of most academic and policy work on the subject in the West, this paper argues that if the PRC cannot hope for a massive mobilization of its diaspora, it has nevertheless the potential to turn a fringe of its diaspora into an effective instrument of power. On a broad scale, it shows that the potential for a massive mobilization of the Chinese diaspora by the PRC is nonexistent because, more often than not, only the host nations and

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<sup>8</sup> Robin Wauters, "China Blocks Access to Twitter, Facebook after Riots," *The Washington Post*, 7 July 2009. <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/07/AR2009070701162.html> (accessed 29 January 2010).

the PRC see significant economic and stability advantages in the harnessing of its diaspora by the PRC. The majority within Chinese communities, however, have little incentive in cooperating with the PRC. Informed by history, the bulk of ethnic Chinese are wary of China's traditional "blood allegiance" rhetoric and they probably do not want to take the risk of losing the benefits of their accomplishments by infuriating their host communities. If Beijing cannot expect to "levee-en-masse" shadowy armies of ethnic Chinese to further its strategic interests, there is still the disturbing potential for the PRC to leverage the active cooperation of a growing numbers of influential ethnic Chinese individuals, organizations, and communities. There are two main reasons that lead to this claim. First, the PRC's growing economic and military power allows it to better convince that it is genuinely concerned about protecting its "blood" overseas, therefore dampening the negative effect that pressure by hostile host communities has on the willingness of ethnic Chinese to openly cooperate with the PRC. Second, Beijing actively endeavors to build a worldwide network of influential individuals and organizations which already allow it to expand practices with which it is already familiar, such as: leveraging of powerful personages to influence the policy of foreign countries, enticing Overseas Chinese organizations to defend or actively further Beijing's political agenda, and appealing to them to voice their support of China's domestic and foreign policies.

In order to assess the questions addressed above, I begin with the definition of diaspora in Chapter 1, drawing from the current literature on diasporas in general. I then focus on the specifics of the Chinese diaspora itself by briefly analyzing its history (a more complete analysis is contained in the Appendix) and by stressing the recent changes in policy that Chinese authorities have successfully implemented to better appeal to the "Chineseness" of its diaspora. The analysis in this chapter

leads to the framework used in the three case studies to assess the interests that each of the actors has in dealing with the other two.

Chapters 2, 3 and 4 respectively study the interests of the Southeast Asian ethnic Chinese communities, the host nations of the diaspora, and the PRC in dealing with each other. Each chapter seeks to answer the same set of questions: What are the costs and benefits for one actor in cooperating with each of the others? For instance, in the case of the diaspora itself, what are the costs and benefits for it in interacting with its host nation? What are the costs and benefits of interacting with the PRC? When the benefits of these dual relations outweigh the costs for each of the three actors, then it is assumed that the PRC will be able to harness its diaspora in the furtherance of its goals.

Chapter 5 summarizes the discoveries of the four previous chapters, assesses China's actual potency in harnessing its diaspora, and considers the potential backlashes that the wielding of such a tool might incur. Recognizing that this has implications for the United States' own security interests, but aware of the theoretical limitations of this paper, the chapter then provides recommendations for further research in this neglected area of study.



## Chapter 1

### **From rejection to seduction**

#### **Diasporas**

Defining “diasporas” is a difficult endeavor. Initially, the term “diaspora” specifically referred to Jewish populations exiled from Judea by the Babylonians in 586 BC and later by the Romans in AD 135. Derived from the Greek word *diaspeirein* meaning “dispersal,” it has also been historically used to describe the plight of the Armenian and Greek communities. In this context, diaspora connotes the idea of exodus forced by humanitarian catastrophe. Yet, since the 1990s, scholars “have been tearing down the intellectual fences surrounding the term,” opening the door to the characterization of many transnational communities as being diasporic.<sup>1</sup> The expression has lost its negative connotation and now refers more broadly to dispersed ethnic populations in today’s globalized world. Thus, one hears routinely in the present day about Palestinian, Lebanese, Kurdish, Tamil or Chinese diasporas, to mention only a few of them.

The transformation of the use and meaning of the term diasporas has not made the concept behind it easier to grasp. Scholars have used many lenses in their attempts to uncover the numerous aspects encapsulated in this inherently complex term. Robin Cohen, a leading scholar in the field of migration studies, categorizes diasporas according to the reason driving the dispersal of a population. He thus identifies four different types of diasporas: victim diasporas, labor diasporas, imperial diasporas, and trade diasporas.<sup>2</sup> Yossi Shain looks instead at the political facet of diasporas. He identifies those who are politically active, those who are former political activists, and those who have few or

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<sup>1</sup> Lynn Pan, ed., *The Encyclopedia of the Chinese Overseas*, (Cambridge, MA: Harvard University Press, 1999), 17.

<sup>2</sup> Robin Cohen, *Global Diasporas: An Introduction*, (London: UCL Press, 1997), xi-xii and passim.

no political interests.<sup>3</sup> Emmanuel Ma Mung, Director of Research at the *Centre national de la recherche scientifique* (CNRS) and Director of the Migrinter Laboratory, sees diasporas from the perspective of geography. Comparing a diaspora to a large continent, he recommends that one sets aside the national level of analysis and focus on diasporas at the international and local level. Mung goes on to argue that two morphological characters define diasporas: the multipolarity of migration and the interolarity of the relations with the homeland and between the various poles of migration.<sup>4</sup>

Despite disagreement on the specific level or focus of analysis, scholars generally agree that diasporas share common character traits. Jacob Bercovitch synthesizes these points of convergence when he writes that “what all diasporic communities have in common is that they settled outside their original or imagined territories, and that they acknowledge that the old country has some claim on their loyalty, emotions and level of possible support.”<sup>5</sup> He pursues his synthesis by stating that “[a] feature common to all diasporas is the attempt to maintain multiple levels of identity” and by defining “diasporic communities as transnational communities.”<sup>6</sup> He shares the generally accepted view that the conceptualization of diaspora “entails three levels of relations: diaspora groups, their host states, and their original homeland states.”<sup>7</sup> Finally, Bercovitch recognizes that diasporas “are not homogeneous groups,” because each diasporic community belonging to a same

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<sup>3</sup> Yossi Shain, “Ethnic Diasporas and US Foreign Policy,” *Political Science Quarterly*, Vol. 109, no. 5 (1994-95), 816.

<sup>4</sup> Emmanuel Ma Mung, “Dispositif économique et ressources spatiales : éléments d’une économie de diaspora”, *Revue européenne des migrations internationales*, Vol. 8, no. 3 (1992), 175-93. [http://www.persee.fr/web/revues/home/prescript/article/remi\\_0765-0752\\_1992\\_num\\_8\\_3\\_1343?Prescripts\\_Search\\_isPortletOuvrage=false](http://www.persee.fr/web/revues/home/prescript/article/remi_0765-0752_1992_num_8_3_1343?Prescripts_Search_isPortletOuvrage=false) (accessed 16 February 2010).

<sup>5</sup> Jacob Bercovitch, “A Neglected Relationship: Diasporas and Conflict Resolution,” in *Diasporas in Conflict: Peace-Makers or Peace-Wreckers?* ed. Hazel Smith and Paul Stares, (Tokyo, Japan: United Nations University Press, 2007), 18-9.

<sup>6</sup> Bercovitch, “A Neglected Relationship: Diasporas and Conflict Resolution,” 19.

<sup>7</sup> Bercovitch, “A Neglected Relationship: Diasporas and Conflict Resolution,” 19.

diaspora “has its own pattern of relations and forms of identity with the host country and its original homeland, and each displays many generational, ideological and social differences.”<sup>8</sup>

The underpinning theme that binds together all these characteristics is what Michael Fullilove terms “connectedness.”<sup>9</sup> He hits the mark when he suggests that the sense of connectedness is the most important characteristic of a diaspora. Indeed, connectedness is what transforms a mere population of expatriates into a community of members that continue to identify with their homeland. Because of their ability to cultivate or reject ties with other members of a group that share the same values, migrants can stay connected to their home countries or choose to immerse themselves in the new environment offered by their host nation. Thus, a diaspora who wishes to endure has to compete persistently against the various host nations to maintain its members’ sense of connectedness. Moreover, a home country which desires to establish strong relationships with the members of its diaspora can do so only if its diasporic communities still feel connected to it and if individuals still feel they belong to these communities.

### **The Chinese diaspora**

Because this thesis is concerned with the question of the ability of the Chinese government to mobilize its diaspora, the concept of connectedness is crucial. Although Bercovitch provides a comprehensive definition of diasporas it does not account for connectedness. For the purpose of the thesis, therefore, diasporas are best defined by Fullilove: “communities which live outside, but maintain links with, their homeland.”<sup>10</sup> This is an acceptable departure point in the quest to define

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<sup>8</sup> Bercovitch, “A Neglected Relationship: Diasporas and Conflict Resolution,” 19.

<sup>9</sup> Michael Fullilove, *World Wide Webs: Diasporas and the International System*, Lowy Institute Paper 22 (Sydney, Australia: Lowy Institute for International Policy, 2008), 2.

<sup>10</sup> Fullilove, *World Wide Webs*, vii.

the Chinese diaspora. Hence, the Chinese diaspora is constituted of Chinese communities which live overseas but maintain links with the PRC.

Yet, this definition is incomplete because it does not clearly indicate what these Overseas Chinese communities are. To clarify this point, this thesis uses the perspective of the PRC's leadership whose goal is to leverage its overseas communities to meet its national objectives. From this perspective, "overseas communities" must therefore be understood as groups of people living outside of China writ large—in other words, "Greater China." "Greater China" refers to the homeland as well as those semi-autonomous territories or independent countries that Chinese leaders have articulated in their "One China" policy: those countries including the PRC, Taiwan, Hong Kong, and Macao.<sup>11</sup> From this perspective also, the Chinese communities living abroad must be understood in an unrestrictive manner in order to provide the PRC's authorities with the maximum potential in exploiting the opportunities that these groups can offer. As Wang Gungwu aptly remarks, "If China does eventually become the economic giant predicted for it, every Chinese community, however small today, would have the opportunity to expand its trading role and strengthen its links with people not only in China but with ethnic Chinese in their respective regions."<sup>12</sup>

Following this line of thought, the definition of Chinese communities must also take into account the heterogeneity of all the Chinese that live overseas—the "Chinese overseas," as Gungwu labels

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<sup>11</sup> As David Shambaugh, Lynn Pan, or Wang Gungwu point out, the term "Greater China" is complex concept that encapsulates inter alia commercial ties, cultural interactions, and prospects for political unification among ethnic Chinese. The literature, though, commonly gathers the PRC, Taiwan, Hong Kong and Macao under this terminology. It makes sense to retain this generally accepted definition of Greater China from the Chinese leaders' stand point, inasmuch as they have managed to reintegrate Macao and Hong Kong under the PRC's bosom and as they strive to conduct the "One-China" policy to a successful end.

<sup>12</sup> Wang Gungwu, in *The Encyclopedia of the Chinese Overseas*, ed. Lynn Pan (Cambridge, Mass.: Harvard University Press, 1999), Introduction.

them—whether they are Chinese nationals living in foreign countries or foreign nationals who are ethnic Chinese.<sup>13</sup> Lynn Pan is more explicit in her attempt to list the variety of Chinese who live out of the PRC. She categorizes them according to four concentric circles. The first one—the innermost circle—represents “the group of Chinese nationals conventionally designated ‘Han’” who live permanently in the PRC but are temporarily resident abroad, such as diplomats, representatives of China-based companies, or scholars.<sup>14</sup> The second circle includes nationals of China who are living abroad. This circle includes aspiring migrants or students who may or may not return to China. The third circle encompasses “people who are Chinese by descent but whose non-Chinese citizenship and political allegiance collapse ancestral loyalties.”<sup>15</sup> Pan refers to them as the “hyphenated” Chinese: Chinese-Americans, Chinese-French, and Sino-Thais, among others. This last and outermost circle “involves those of Chinese ancestry who have, through intermarriage or other means of assimilation, melted into another people and ceased to call themselves Chinese.”<sup>16</sup>

Despite its apparent disconnection from the PRC, which theoretically positions the communities belonging to this last circle out of reach from the PRC’s leadership, those members of this last circle must also be included in the definition of “Chinese communities.” Indeed, the fact that they do not identify themselves as Chinese today does not mean that that will be the case in the future. As Pan puts it, “[w]hether they will call themselves Chinese at some future date must be left an open question, however, because it has been known to happen.”<sup>17</sup>

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<sup>13</sup> Wang Gungwu, “Greater China and the Chinese Overseas,” *The China Quarterly*, no. 136, Special Issue: Greater China (December 1993), 927.

<sup>14</sup> Lynn Pan, *The Encyclopedia of the Chinese Overseas*, 15.

<sup>15</sup> Lynn Pan, *The Encyclopedia of the Chinese Overseas*, 15.

<sup>16</sup> Lynn Pan, *The Encyclopedia of the Chinese Overseas*, 15.

<sup>17</sup> Lynn Pan, *The Encyclopedia of the Chinese Overseas*, 15.

Informed by the broad prerequisites of the PRC's political perspective, this thesis thus borrows Sun's words to refer to Overseas Chinese communities as "a heterogeneous composite of Chinese migration groups."<sup>18</sup> Hence Chinese diaspora is defined as the heterogeneous composite of Chinese migration groups that maintain links with the PRC.

Widening the path blazed by Hong Liu, who uses interchangeably "Overseas Chinese" and "the Chinese diaspora," this thesis uses indistinctly a variety of expressions to qualify the members of the Chinese diaspora as defined above.<sup>19</sup> Indeed, Western scholars routinely employ terms such as "the Chinese diaspora," "Overseas Chinese," and "ethnic Chinese" in an indiscriminate manner. "Chinese abroad," "Chinese overseas," "Chinese sojourner," and "people of Chinese descent" are also commonly found in the prolific Western literature dealing with this topic. Eastern authors rely on a more limited repertoire, but also seem to juggle indifferently with words like *huaqiao* (Chinese sojourner), *huaren* (foreign Chinese) and *huayi* (person of Chinese descent). As Elena Barabantseva remarks, "while there are important differences in the status of these groups and their relations to China," most of the Chinese literature, as well as the PRC's policy-makers, use the generic term *huaqiao huaren* to refer to the Chinese people outside the PRC.<sup>20</sup>

According to the estimations of the Overseas Compatriot Affairs of the Republic of China, there were more than 39 million *huaqiao huaren* living out of Greater China by the end of 2008. As of 31 December 2008,

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<sup>18</sup> Wanning Sun, ed., *Media and the Chinese Diaspora: Community, communications and commerce*, (New York, NY: Routledge, 2006), 5.

<sup>19</sup> Hong Liu, "Old Linkages, new Networks: The Globalization of Overseas Chinese Voluntary Associations and its Implications," *The China Quarterly*, no. 155 (September 1998), 584.

<sup>20</sup> Elena Barabantseva, "The Party-State's Transnational Outreach: Overseas Chinese Policies of the PRC's Central Government." *Greater China Occasional Paper Series*, no. 2, Institute of Chinese and Korean Studies, University of Tübingen (August 2005), 1. <http://www.unituebingen.de/sinologie/sino/gcs/papers/paper2.pdf>. (accessed 16 February 2010).

the distribution of the Chinese diaspora was as follows: 29,589,000 in Asia, 7,183,000 in the Americas, 1,189 in Europe, 910,000 in Oceania, and 217,000 in Africa.<sup>21</sup> The following table ranks the top fifteen countries in regard to the size of their Chinese population as of 2005:

**Table 1: The Ranking of Overseas Chinese**

<b>Country</b>	<b>Overseas Chinese 2005</b>
Indonesia	7,566,200
Thailand	7,053,240
Malaysia	6,187,400
United States	3,376,031
Singapore	2,684,900
Canada	1,612,173
Peru	1,300,000
Vietnam	1,263,570
Philippines	1,146,250
Myanmar	1,101,314
Russia	998,000
Australia	614,694
Japan	519,561
Kampuchea	343,855
United Kingdom	296,623

Source: Overseas Compatriot Affairs of the Republic of China Website, "Overseas Chinese Population Count," <http://www.ocac.gov.tw/english/index.asp> (accessed 22 February 2010).

### **Core characteristics of the PRC-Chinese diaspora relationship**

Historians have identified a trend in engagement between China and its overseas population. This trend is cyclical in nature and swings between periods in which China is either weak or strong. Wang Gungwu provides a schematic summary of this trend in the relationship between China and the Chinese overseas since the beginning of the Qing dynasty which he classifies as the "Chinese overseas/Chinese Government cycle":

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<sup>21</sup> Overseas Compatriot Affairs of the Republic of China Website, "Overseas Chinese Population Count," <http://www.ocac.gov.tw/english/index.asp> (accessed 22 February 2010).

1. Strong and prosperous Qing empire from 1680s to 1840s. Chinese Government (CG) neglectful of, and indifferent to, the fates of the Chinese overseas; Chinese Overseas (CO) faced great obstacles, but learnt to be self-sufficient and independent, and increasingly successful in commerce.
2. The Hundred Years' weakness and poverty, 1840s to 1949 (the weak and poor Qing empire followed by a republic divided by civil wars and invaded by Japan). CG offered recognition of, and support to, the CO, but expected political loyalty from them, and also economic investments from the rich CO; CO numbers grew rapidly but the *huaqiao* were responsive to China's needs and were, on the whole, caring; they continued to be economically prosperous but were also angry and ashamed at the failure of successive Chinese governments.
3. The Mao era of strength and promise unfulfilled, 1949-76: strong country, poor people, living under the shadow of the Cold War and the U.S.-Soviet "central balance." CG imperious but constrained, forced by diplomatic isolation and ideology to ineffectual policies amounting to a return to neglect of, if not indifference to, the CO; CO faced new obstacles and relearn how to be self-sufficient and economically autonomous; became politically localized and naturalized, if not still divided by the forces of China politics.
4. The reforming PRC since 1978 has become potentially strong and prosperous relative to China's neighbors and its place in the world, but is still on the margins of Third World poverty. CG returns to recognition and modest support of the CO, but defensively, welcoming investments but not expecting loyalty; CO once again grows fast but they remain sympathetic, even caring; being better educated, they adapt to conditions abroad more easily and are divided in the ways they are attracted to the promise of Greater China but dismayed by the PRC's political system.<sup>22</sup>

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<sup>22</sup> Wang Gungwu, "Greater China and the Chinese Overseas," 937-8.



This pattern of interaction can be distilled even further down the following phrase, which appears throughout this thesis, as: “Weak China-Strong appeal to Overseas Chinese”—“Strong China-Weak appeal to Overseas Chinese.”

A more detailed account of the history of the Chinese diaspora is contained in The Appendix. This history underscores a number of other enduring features that characterize the bonds between the PRC and its diaspora:

- Conceiving the Chinese diaspora as the interplay between three core actors: the PRC, Chinese communities abroad and their host nations;
- Understanding that ill-treatment of its kin is what first sparked the interest of the PRC’s people for the Overseas Chinese. The fact that China has not always fulfilled its obligations of protection toward its citizens abroad is more the reflection of a long-term power play calculus than an absence of concern about their fate;
- Resorting recurrently to ethnicity as a means to foster economic inflows and interactions between the diasporans and their dependents or friends at home. This is truer today than ever. However, this does not go without serious drawbacks: Chinese population at the grassroots level can be envious of the extra rights enjoyed by the Overseas Chinese and their families, host nations are wary of the over generalized blood allegiance of their citizens of Chinese descent, and Overseas Chinese themselves can resent this aggressive wooing that make them feel unwelcome in their host country;

- Knowing when to sacrifice blood ties on the altar of a greater purpose, especially by the leaders of the PRC, which in turn has made ethnic Chinese wary of the PRC's rhetoric; and
- Identifying specific high-value targets within the diasporic communities for engagement. If wealthy merchants were looked after formerly, the PRC focuses more on the "new migrants," tycoons, and the Shetuan's leaders nowadays.

The historical account in the Appendix also strongly emphasizes that the relationship between the PRC and its diaspora has entered a new phase that does not match the traditional pattern identified by Wang Gungwu. Instead of comprising the usual "Weak China-Strong appeal to Overseas Chinese:—"Strong China-Weak appeal to Overseas Chinese," the relationship can be described instead as "Strong China-Strong appeal to Overseas Chinese." Admittedly, China might not perceive itself as strong enough yet, at least in regards to the United States. Still, China has never been so powerful, and has never implemented so many measures to develop and maintain connectedness with its overseas compatriots.

### **The PRC's instruments to handle Overseas Chinese connectedness**

Desiring the relationship with its overseas communities is one thing. Maintaining and sustaining the relationship and controlling it is something else. At the dawn of the 21<sup>st</sup> century, the PRC has an impressive arsenal of instruments to maintain and encourage the "connectedness" of its diaspora. These instruments, from the constitution of the PRC through to institutions abroad, are identified and briefly described below.

## **The Constitution**

The Chinese constitution mandates The National People's Congress (NPC) (Article 70) as well as the State Council (Article 89) to “protect the legitimate rights and interests of Chinese nationals residing abroad and protect the lawful rights and interests of returned Overseas Chinese and of the family members of Chinese nationals residing abroad” (Article 50, restated in the same terms in Article 89).<sup>23</sup>

## **The Party**

The Chinese Communist Party (CCP) “officially” leads the supposedly non-governmental organization (NGO) All-China Federation of Returned Overseas Chinese. Its other NGO, China Overseas Exchange Association, also maintains close links with the members of the Party. According to Xiang Biao, a growing number of Overseas Chinese associations’ leaders are closely connected to the PRC’s authorities.<sup>24</sup>

It is interesting to note that following the election of the 17<sup>th</sup> Central Committee that occurred in November 2007, the number of returnees has increased from 20 to 36, out of a total of 300.<sup>25</sup> Even if they are still confined to specific domains such as education, science and technology, and finance and commerce, this slight evolution could suggest that the CCP trusts its returnees and that they can play an active political role in the rise of their motherland.

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<sup>23</sup> People Daily Online, “Constitution of the people’s republic of China,” adopted 4 December 1982, <http://english.peopledaily.com.cn/constitution/constitution.html> (accessed 23 February 2010).

<sup>24</sup> Xiang Biao, “Emigration from China: a Sending Country Perspective,” *International Migration*, Vol. 41, No 3 (2003), 28.

<sup>25</sup> Hélène Le Bail and Wei Shen, “Le retour des ‘cerveaux’ en Chine: quel impact socio-politique?” *Asie.Visions*, no. 11, IFRI (November 2008), 30.

### **The Overseas Chinese Affairs Committee (OCAC)**

The OCAC functions under the control of the Chinese Parliament—the NPC. Among the 360 relevant laws and regulations that this legislative organ adopted in the last two decades of the 20<sup>th</sup> century, the 1990 “Law of Protecting Rights and interests of Overseas Chinese and their Relatives”—the most recent Nationality Law—is of particular interest, because it specifically fosters the Overseas Chinese’s traditional culture of sojourning by leaving the door wide open for their return back home. For instance, Article 3 specifically mandates the State to accord appropriate preferential treatment to returned Overseas Chinese and the family members of the Overseas Chinese. Article 5 entitles the returnees to appropriate representation on the NPC and local people’s congresses and Article 6 gives them the right to establish public organizations to safeguard their rights. Articles 8 and 9 enjoin local people’s governments at all levels to support those who invest to set up industrial and commercial enterprises and treat preferentially those who received donations coming from abroad for use in public welfare undertakings.<sup>26</sup>

### **The State Council Overseas Chinese Affairs Office (SCOCAO)**

The SCOCAO is directly under the highest executive body of the PRC—the State Council. The authors of the 2002 *Report of the High Level Committee on the Indian Diaspora*, who closely studied the Chinese diaspora to provide the Prime Minister of India with recommendations on the harnessing of the Indian diaspora to India’s modernization, appropriately recapitulated the actions taken by the SCOCAO to assist

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<sup>26</sup> Specific mention to these articles is made in Indian Ministry of External Affairs, *Report of the High Level Committee on the Indian Diaspora*, Report to the Prime Minister of India, New Delhi, 8 January 2002, 312-3, <http://www.indiandiaspora.nic.in/contents.htm> (accessed 29 March 2010).

the Overseas Chinese (OCs) in staying connected with their lands of origin:

- Establishment of comprehensive databases in each city, county, and province to encourage OCs to find their ancestral roots, homes, and properties. This assists the OCs to build schools, hospitals, and other local infrastructure in their ancestral hometowns and also network with influential members of the local community;
- Provision of advisory services to OCs on investment and facilitation of preferential treatment, such as tax exemptions, preferential allotments of land, certifications, and clearances that greatly speed up the approval processes;
- Organization of large-scale fairs where matchmaking between OCs and local business partners is arranged;
- Implementation of policies and laws related to Overseas Chinese affairs and assistance in solving problems OCs encounter;
- Implementation of policies relating to preferential treatment for children of OCs and operation of the two universities, as well as other institutes and schools that provide short-term courses, which specifically cater to OCs' children; and
- Maintenance of regular contact with Overseas Chinese organizations by organizing all China conferences to which China's leaders and prominent members of the Overseas Chinese community are invited.<sup>27</sup>

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<sup>27</sup> Indian Ministry of External Affairs, "Report of the High Level Committee on the Indian Diaspora," 313-4.

## **Institutions at the local level**

### **Local branches of the SCOCAO**

China exhibits one of the most expansive networks of local diaspora offices. Local branches of the SCOCAO provide the services aforementioned in 30 provinces as well as in some cities, counties, and townships. They not only implement the directives from the central government but also function with relative freedom of action and are encouraged to adopt innovative methods to strengthen their links with their diasporans. For instance, the Overseas Chinese Affairs Office of Shanghai Municipal People's Government develops annual plans for Overseas Chinese Affairs work in the municipality, oversees the use of materials and funds donated by the diaspora, and conducts publicity campaigns, cultural exchanges, and Chinese language classes for Chinese nationals residing abroad.<sup>28</sup>

### **Qiaoxiang areas**

Chinese authorities initially envisioned *Qiaoxiang* as instruments for ethnic Chinese to identify with their homeland through acts of patriotism as well as donations, and investments. Since their initial establishment, however, *qiaoxiang* have become “windows for Overseas Chinese to obtain a better impression of the PRC.”<sup>29</sup> Hosting frequent world conventions of Overseas Chinese associations, they also allow thousands of ethnic Chinese to reconnect with their ancestral origins and to establish contacts with the PRC's local authorities.

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<sup>28</sup> Dovelyn Rannveig Agunias, ed., *Closing the Distance: How Governments Strengthen Ties with Their Diasporas* (Washington, DC: Migration Policy Institute, 2009), 11 and 39.

<sup>29</sup> Mette Thunø, “Reaching out and Incorporating Chinese Overseas: The Trans-territorial Scope of the PRC by the End of the 20th Century,” *The China Quarterly*, no. 168 (December 2001), 923 and 921.

## **Institutions abroad**

### **Embassies and Consulates**

The extensive Chinese consular network also acts as an important venue for contacts between Overseas Chinese and the PRC. It features online news updates about China's policies, provides information on Overseas Chinese Affairs offices, and informs its audiences about bilateral visits, exhibitions in China, and laws and regulations related to business in China. More significantly, the consular network fosters the encounters between China's leaders and the members of the diaspora. One scholar reports that, in some countries "where Chinese migrants have not yet organized along regional lines, PRC embassy personnel have encouraged local Chinese to form locality associations to be better able to meet official PRC delegations."<sup>30</sup> Also, 58 consular-dependent education-related services in 39 countries support all Chinese students and hold sway over them, as these offices validate their foreign diplomas.<sup>31</sup>

Besides standard services for items such as visas and passports, Chinese consulates and embassies have significantly stepped up their efforts to protect their citizens abroad. Diplomats, for example, have been specifically instructed to "go all out to help Chinese citizens in accordance with international laws."<sup>32</sup> The scale of the problem confronting Chinese was reinforced by Vice Foreign Minister Song Tao in an interview with *People's Daily*. Tao mentioned that the total number of Chinese citizens leaving the country was 280,000 persons from 1949 to 1979, whereas in 2008 alone Chinese citizens going abroad numbered

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<sup>30</sup> Thunø, "Reaching out and Incorporating Chinese Overseas," 925.

<sup>31</sup> Le Bail and Shen, "Le retour des "cerveaux" en Chine: quel impact socio-politique?" 20.

<sup>32</sup> Fullilove, *World Wide Webs*, 95-6.

more than 45 million. This volume of departure generates, on average, the handling of 30,000 consular protection cases per year.<sup>33</sup>

### **Confucius Institute**

Founded in 2004, the Confucius Institute is a non-profit organization that seeks to strengthen educational cooperation between China and the rest of the world and to respond to the exploding demands of 40 million Chinese language learners. Established on the basis of the cooperation between Chinese and foreign universities with support from the Office of Chinese Language Council International, its mission is to develop Chinese language and cultural classes, provide Chinese language teaching resources, train teachers to teach Chinese as a foreign language, offer, a Chinese Proficiency Test and Certification, provide China-related library resources, promote research about contemporary China, and provide service and consultation on matters related to Chinese culture and language. In five years, 282 Confucius Institutes—80 of them hosted by institutions in the United States—and 241 Confucius Classrooms have been established in 87 countries.<sup>34</sup> As a demonstration of China's rising soft power, the "Confucius Institute online...kicked off in 2008 and even since has attracted over 10 million clickers from 149 countries."<sup>35</sup> The 2009 Confucius Institute's Conference attracted about 1,000 delegates from China and 87 countries and regions. In addition to Confucius Institutes, China also launched

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<sup>33</sup> Embassy of the People's Republic of China in the Republic of Croatia Website, "Vice Foreign Minister Song Tao Gives Interview to People's Daily," 29 September 2009, <http://hr.china-embassy.org/eng/zxxx/t619060.htm> (accessed 24 February 2010).

<sup>34</sup> Middle Tennessee State University Website, "MTSU welcomes Confucius," <http://chronicle.com/campus/viewpointArticle/MTSU-Welcomes-Confucius/190/> (accessed 24 February 2010).

<sup>35</sup> *Xinhua*, "Confucius Institutes short of teaching materials," (14 December 2009) [http://www.china.org.cn/china/2009-12/14/content\\_19059534.htm](http://www.china.org.cn/china/2009-12/14/content_19059534.htm) (accessed 24 February 2010).



“Air Confucius Institute” on its network of China Radio International in 12 countries.<sup>36</sup>

### **Overseas Chinese Voluntary Associations—Shetuan**

The two last decades of the 20<sup>th</sup> century, as Hong Liu argues, “have witnessed an unprecedented surge of globalization marked by three levels of closely related activities: frequent and large-scale meetings of various Chinese *shetuan* from different corners of the globe; the formation of permanent international associations; and, most importantly, the extensive uses of such venues and organizations to facilitate business and socio-cultural ties among the Chinese diaspora as well as between them and their compatriots in *qiaoxiang*.”<sup>37</sup> This frequent and unprecedented worldwide mixing of ethnic Chinese comes as an essential ingredient in the fostering of *guanxi*, a concept deeply ingrained in Chinese culture that emphasizes the importance of reciprocity in the personal relationship that ties two individuals. Liu suggests that relationships allow face-to-face meetings that are crucial to the building of the necessary trust on which *guanxi* hinges. Furthermore, associations such as the Chinese National Association for Overseas Liaisons founded in 1997 take advantage of these meetings, often hosted in the *qiaoxiang* areas with the blessing of local authorities, to “uphold the banner of patriotism.”<sup>38</sup>

Complementing these socio-professional *shetuan* are more than 2,000 Overseas Chinese students associations. According to scholars Hélène Le Bail and Wei Shen, many of these associations have ties to the PRC’s government.<sup>39</sup> In addition, many of these organizations have

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<sup>36</sup> *Xinhua*, “Confucius Institutes short of teaching materials,” (14 December 2009).

<sup>37</sup> Liu, “Old Linkages, new Networks,” 583.

<sup>38</sup> Liu, “Old Linkages, new Networks,” 596.

<sup>39</sup> Le Bail and Shen, “Le retour des “cerveaux” en Chine: quel impact socio-politique?” 18.

proved their emotional attachment to the PRC. For instance, students associations from all over the world have contributed to more than 75 percent of the 170 million RMB donated by Overseas Chinese to help their compatriots through the difficult 2008 winter.<sup>40</sup>

### **State-run Media abroad**

The PRC uses its state-controlled newspapers, magazines, news agencies, websites, broadcasting stations, and TV stations for propaganda purposes.<sup>41</sup> *ChinaToday.com*—a state-run website—clearly recognizes this reality when its writers suggested that China’s official English media “have a penchant for playing down bad news.”<sup>42</sup> Because China’s leadership recognizes that “Chinese overseas have always been particularly sensitive to the way China’s international position gave them self-respect and pride,” the objective of this propaganda is to convey Overseas Chinese a proud image of their homeland.<sup>43</sup> More explicitly, Wang Chen, director of the Central Office for Overseas Publicity, said in his address to the national meeting on the external propaganda work that: “It is necessary to foster and demonstrate a good image of China as a country of prosperity and development and a country that is civilized and opened up and continuously create an objective and friendly international public opinion environment for China's development and progress.”<sup>44</sup> To carry out this year's external propaganda work, the Chinese Government has, *inter alia*, committed 45 billion yuan (US\$ 6.6

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<sup>40</sup> Le Bail and Shen, “Le retour des “cerveaux” en Chine: quel impact socio-politique?” 18.

<sup>41</sup> The major state-run English news sources are Xinhua News Agency, People’s Daily, China Daily, Beijing Review, China Today Magazine, China News Service, China Radio International, China Internet Info Center, China Central Television (CCTV).

<sup>42</sup> ChinaToday.com, “China Media & Publication,” <http://www.chinatoday.com/med/a.htm> (accessed 24 February 2010).

<sup>43</sup> Wang Gungwu, “Greater China and the Chinese Overseas,” 932.

<sup>44</sup> Xinhua, “National Meeting on External Propaganda Work Held in Beijing 4-5 Jan,” 5 January 2010, [https://www.opensource.gov/portal/server.pt/gateway/PTARGS\\_0\\_0\\_246\\_203\\_121123\\_43/content/Display/11448719?highlightQuery=eJzT8A9zDQp2dQxWcPRzUXD28PRzDXbVBABDogXM&fileSize=19087](https://www.opensource.gov/portal/server.pt/gateway/PTARGS_0_0_246_203_121123_43/content/Display/11448719?highlightQuery=eJzT8A9zDQp2dQxWcPRzUXD28PRzDXbVBABDogXM&fileSize=19087) (accessed 24 February 2010).

billion) to subsidize the overseas development of its controlled media.<sup>45</sup> This substantial spending should for instance allow *Xinhua* and China Central Television (CCTV) to further the implementation of their 2009 plans. These plans include the expansion of overseas bureaus from 100 to 186 and creation of an Asia-based 24-hour *Al-Jazeera*-style television network for *Xinhua*, as well as the launching of Arabic and Russian channels for CCTV to penetrate and compete in other markets.<sup>46</sup>

In sum, it appears that the number of institutions dedicated to deal specifically with Overseas Chinese has considerably expanded during the last two decades. These institutions continue to benefit from the attention and priority they receive from the highest level of the Communist Party's leadership. The establishment and nurturing of such a wide range of control and influence measures is consistent with two other recent steps that the PRC has initiated to reinvigorate the sense of Chineseness of its diaspora. First, Chinese ethnicity is once again at the forefront of China's rhetoric, marking a dramatic turn from China's earlier strategy of avoiding specific references to ethnicity.<sup>47</sup> Second, Beijing heavily relies on waves of new migrants predominantly composed of more mature individuals, who have strong attachment to their homeland and the Party's ideals, to help the former generations of Chinese diaspora reconnect with their Chinese identity.<sup>48</sup> The sum of these three measures leaves no doubt about the fact that China has significantly increased its efforts to bridge with its diaspora through the setting of an impressive and variegated array of measures. What is

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<sup>45</sup> Congressional-Executive Commission on China, *Annual Report 2009*, (Washington, DC: U.S. Government Printing Office, 10 October 2009), 10, 111th Cong., 1st sess., 2009, <http://www.cecc.gov/pages/annualRpt/annualRpt09/CECCannRpt2009.pdf> (accessed 24 February 2010).

<sup>46</sup> South China Morning Post, "China Spends 45 Billion to Extend Media's Global Reach," *China Digital Times.net*, 13 January 2009, <http://chinadigitaltimes.net/2009/01/china-spends-45-billion-to-extend-medias-global-reach/> (accessed 24 February 2010).

<sup>47</sup> For more details, refer to the Appendix, 12.

<sup>48</sup> For more details, refer to the Appendix, 13.

unclear at this stage, however, is how responsive Overseas Chinese have been, and are likely to be, to this charm offensive.

### **Overseas Chinese's response to the PRC's efforts**

The net effect that can be ascribed to Chinese efforts to connect with its diasporas is difficult but not impossible to determine. Two potential metrics, although they are causal and speculative, are in the realms of economic contribution and the return back to China of highly-skilled manpower.

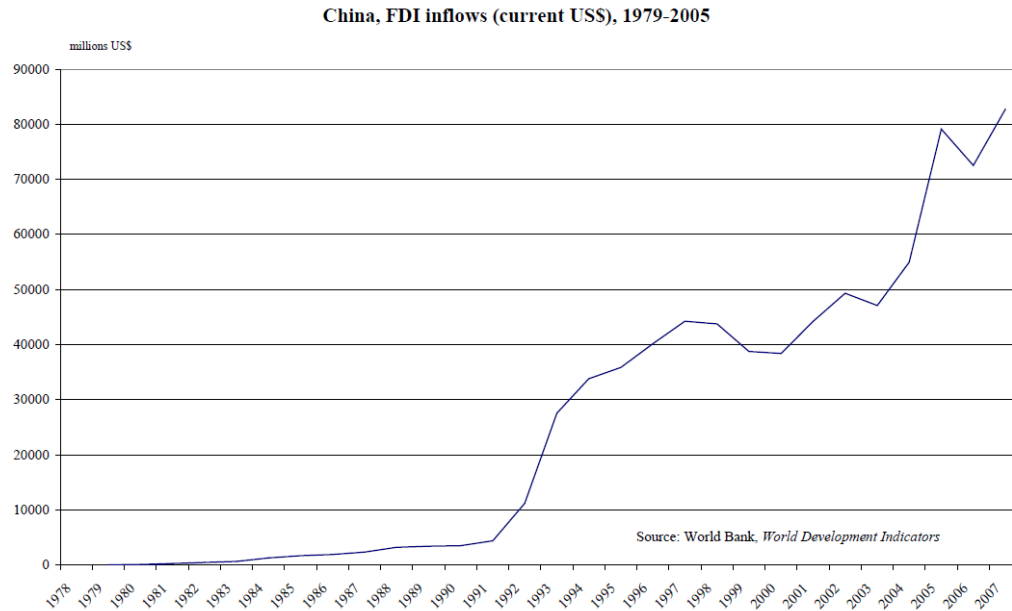
Economic contribution is most accurately measured in terms of Foreign Direct Investments (FDI) and remittances.<sup>49</sup> FDI have grown from less than US\$ 40 billion in 2000 to more than US\$ 138 billion in 2007 (Figure 1).<sup>50</sup> Although the contributions prominently come from Hong Kong, Macao, and Taiwan, which were the primary economic targets of the *qiaoxiang* policy, the Chinese diaspora as defined in this paper has also increased its participation from more than 42 percent—from US\$19 to 27 billion—between 2000 and 2005 (Figure 2). Remittances have also jumped from US\$ 6 billion to nearly US\$ 33 billion between 2000 and 2007.<sup>51</sup>

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<sup>49</sup> Foreign direct investments are those investments by Overseas Chinese to serve their business interest in the PRC. Remittances are the money Overseas Chinese send to their relatives who still live in the PRC to help them improve their standard of living.

<sup>50</sup> World Bank Website, [http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=1&REPORT\\_ID=9147&REQUEST\\_TYPE=VIEWADVANCED&HF=N&WSP=N](http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=1&REPORT_ID=9147&REQUEST_TYPE=VIEWADVANCED&HF=N&WSP=N) (accessed 25 February 2010).

<sup>51</sup> World Bank Website, [http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=1&REPORT\\_ID=9147&REQUEST\\_TYPE=VIEWADVANCED&HF=N&WSP=N](http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=1&REPORT_ID=9147&REQUEST_TYPE=VIEWADVANCED&HF=N&WSP=N) (accessed 25 February 2010).



**Figure 1**

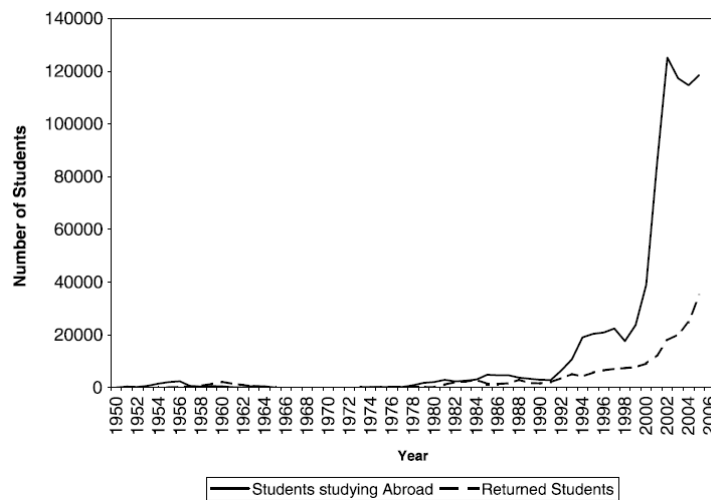
Source: Françoise Nicolas, “China and Foreign Investors: The End of a Beautiful Friendship?” *Asie.Visions*, no. 4, IFRI (April 2008), 36.



**Figure 2: Main sources of FDI in China**

Source: Barry Naughton quoted in Shaio H. Zerba, “The PRC’s Overseas Chinese policy,” (Thesis, Monterey, CA: Naval Postgraduate School, 2008), 41.

### Chinese students studying abroad

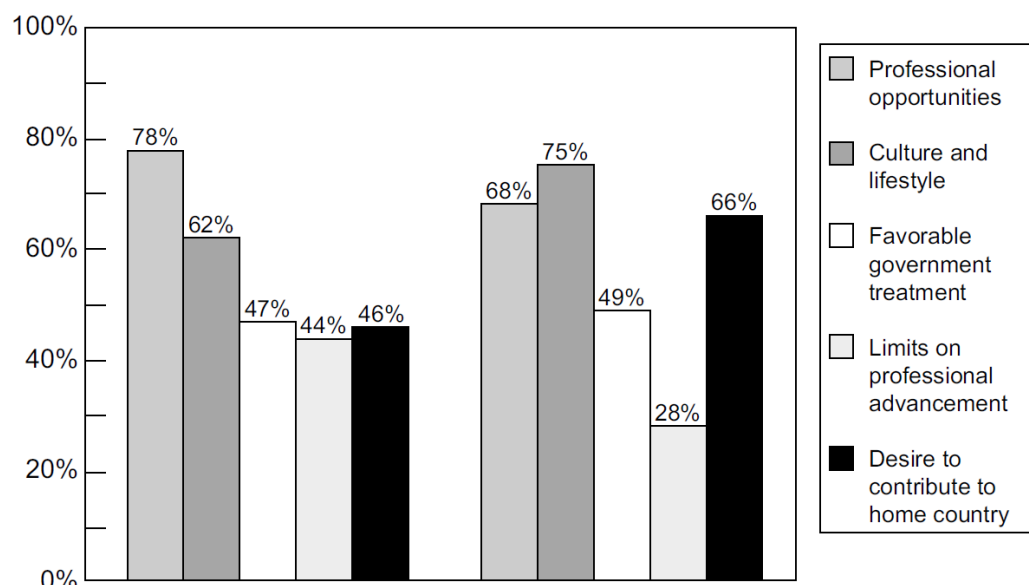


**Figure 3**

Source: Jeffrey W. Legro, “What China Will Want: The Future Intentions of a Rising Power,” *Perspectives on Politics* (the American Political Science Association, September 2007), 521.

Economic contributions provide solid quantitative data to show the level of response but do not answer questions about why such contributions are made. The data on returning work force offers potentially more significant insights on the effectiveness of PRC instruments to maintain connectedness with Overseas Chinese. For example, Figure 3 depicts the results of the PRC’s “new migrants” policy which encourages highly educated people to study and work abroad for five to 10 years before returning home to apply their newly acquired skills and training. What is unclear is whether the number of returnees has exponentially increased merely as the direct consequence of the surge of departures abroad or whether this indicates the effectiveness of the PRC’s engagement activities. The data available on the importance of factors that motivate diasporans to return home (Figure 4) provides useful insights. Unsurprisingly, personal reasons figure heavily in the calculations of skilled workers to return to China. What is surprising, however, is that the survey conducted by Anna Lee Saxenian suggests

that nearly half of new migrants are sensitive to the favorable treatment they receive back home as well as to the patriotic call to contribute to China's modernization. Moreover, 62 percent of those surveyed consider that the lifestyle and the culture of their motherland, two themes stressed in Chinese engagement measures with its overseas communities, plays an important influence in their decision to return home. Although these figures partially belie the presupposed ethnic allegiance of the Overseas Chinese to their motherland, the PRC has undeniably reconnected quickly with an important part of its diaspora and overcome the historical trend of "Strong China-Weak appeal to Overseas Chinese." This trend may be further reduced as the remembrance of the Tiananmen Square massacre fades away from the memories of Overseas Chinese.



**Figure 4: Factors ranked as very important in the decision to return to live in one's country of birth**

Source: Anna Lee Saxenian, quoted in Wang Cangbai, Wong Siu-Lun and Sun Wenbin, "Haigui: A New Area in China's Policy toward the Chinese Diaspora?" *Journal of Chinese Overseas*, Vol. 2, No. 2 (November 2006), 298.

### **Case studies framework**

Given the relative success that the PRC has had in restoring its connectedness with its diaspora, the primary objective of this thesis is to determine to what extent the People's Republic of China can convert its "heterogeneous composite of Chinese migration groups" into a national instrument of power.

The historical analysis of the relationship between the PRC and its diaspora shows that reactivating the 'Chineseness' of its diaspora does not suffice to guarantee that ethnic Chinese will willingly serve the PRC's agenda for three reasons. First, the traditional 'Weak China-Strong appeal to Overseas Chinese'- 'Strong China-Weak appeal to Overseas Chinese' pattern has made ethnic Chinese wary of China's rhetoric, inasmuch as the PRC regularly proved able to sacrifice blood ties when it deemed it necessary. Second, if China recurrently resorted to ethnicity as a means to foster economic inflows and interactions between the diasporans and their dependents or friends at home, this policy did not go without serious drawbacks: the Chinese population at the grassroots level was envious of the extra rights enjoyed by the Overseas Chinese and their families, host nations were wary of the over-generalized blood allegiance of their citizens of Chinese descent, and Overseas Chinese themselves resented this aggressive wooing because it made them feel unwelcome in their host country. Third, and most important, the two last drawbacks stemmed from the fact that host nations play a significant role in the relationship that binds the PRC to its diaspora by significantly affecting the level of integration of their ethnic Chinese communities. In other words, history shows that the process of mobilizing the Chinese diaspora is prominently dependent on the triangular relationship that binds three actors—the Overseas Chinese, their host states and their original homeland, the PRC.



Consequently, the answer to the above question is to be found in the study of the triangular relationship that binds the Chinese diaspora to two other actors: the host nation in which they currently live and work and their original homeland state. The process of mobilizing the Chinese diaspora by the PRC therefore requires a focus on these three interdependent variables: the bond between the targeted diasporic group and the PRC, the tie between the diaspora and its host nation, and the relationship between the PRC and the concerned host nation. The method used to study each of these three variables rests on a cost-benefit analysis of each of these relationships from the perspective of each of these actors.

Three steps are thus required to ultimately determine if the PRC can effectively engage its diaspora into the furtherance of its security interests. The first one consists in focusing on the interests of the targeted diaspora. What are the costs and benefits for the diaspora in cooperating with the PRC? What are the costs and benefits for the diaspora in interacting with its host nation? The balancing of the answers to these two questions will allow to determine whether or not the targeted diaspora is inclined to cooperate with the PRC. The second step concerns the perspective of the PRC itself. What is the inconvenience incurred by its engagement with the diaspora? What are the costs and benefits of its relationship with the related host nation? In other words, is the expected gain worth the potential pain? The third step relates to the point of view of the host nation. What are the advantages and disadvantages in hosting a Chinese diaspora? What are the gains and drawbacks in maintaining a relationship with the PRC? Answering these two questions helps determine whether the host nation is a hindrance or a catalyst in the relationship between the PRC and its diaspora.

From these perspectives it follows, *a priori*, that if the diaspora proves willing to cooperate, the host nation encourages the relationship

between the PRC and its diaspora, and the PRC is thoroughly motivated in engaging its diaspora, then there are high expectations that the PRC will harness its diaspora to further its own interests. Conversely, if the diaspora is reluctant to respond to its motherland's call, if the host nation impedes this engagement, and if the PRC is mildly motivated in doing so, the enterprise will probably fail. This working hypothesis will be examined, in the following chapters, by looking at the case study of Southeast Asia through these three perspectives.

## Chapter 2

### **Overseas Chinese's interests**

The study of the history of the relationship between the PRC and its diaspora shows that initial success in restoring connectedness with its diaspora is not enough to guarantee its mobilization. Indeed, as explained in the previous chapter, the process of mobilization is dependent upon the concurrent interests of the Overseas Chinese, their host nations, and the PRC. This chapter focuses on the interests of the first of these actors, the Southeast Asian ethnic Chinese communities. It seeks to identify first the benefits and costs that Overseas Chinese incur by collaborating with the PRC within their host nations' borders or the PRC. It then looks at the advantages and disadvantages they face in dealing with their hosts. Lastly, it establishes whether or not Southeast Asia Overseas Chinese are inclined to cooperate with the PRC.

#### **Benefits and costs for the diaspora in collaborating with PRC's officials**

Overseas Chinese deal with PRC representatives for a range of services that can be pulled together into two main categories. The first occurs within their host nation's borders when they need consular services. The second happens in the PRC when they seek to benefit from the rising number of business opportunities offered by China's domestic market. This section provides a rough cost-benefit analysis that occurs whenever Overseas Chinese deal with official Chinese representatives in each of these cases.

## **Benefits for Overseas Chinese in dealing with PRC's consular officials**

Among the members of the diaspora, only those who need consular services have an obvious incentive in dealing with China's diplomatic representatives. These services can be essentially divided along two lines: administration and protection.

Overseas Chinese have many reasons to return to China, including state-run media campaigns, business and education opportunities, and associations and conventions. These inspire Overseas Chinese to visit PRC consulates and embassies to get the proper administrative authorizations. At a minimum, if they return as family visitors, tourists, students, businessmen, or perhaps permanent residents, Overseas Chinese need to validate or obtain their passports or visas.

Administrative services are important but they pale in comparison to the second benefit that Overseas Chinese can expect from the PRC and its consulates: protection. Such protection is important given the history of persecution of and violence when Overseas Chinese are the targets of resentful crowds. As already mentioned in Chapter 1, China has not always fulfilled its obligations of protection toward its citizens abroad because of its relative weakness and need for stability. However, after the anti-Chinese riots 1998 in Indonesia, where 1,188 people were killed, 150 Chinese women raped, and thousands of shops burned, the PRC leaders felt that they had to change their approach.<sup>1</sup>

Beijing's response to this violence in 1998 was somewhat out of character: "it was surprising when Beijing protested to Indonesia over the violence."<sup>2</sup> Interestingly enough the pressure to act did not begin at the top of the leadership but was spurred by other diaspora communities.

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<sup>1</sup> Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia* (Westport, CT: Praeger Publishing, 2000), 114.

<sup>2</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 63.

Beijing responded to Indonesia's crisis only “under the pressures from ethnic Chinese around the world who felt that it was Beijing's responsibility to stand for the interest of Chinese regardless of their citizenship.”<sup>3</sup> Wanning Sun, who also acknowledges that “the furor among the Chinese communities in reaction to these incidents was decidedly global,” explains this remarkable influence of a worldwide Chinese diaspora on the PRC's leadership in the following way: “Central to the production of this global Chinese sympathy for the victims, and anger and even hatred for the perpetrators, is the technology of the internet and email, allowing instant digital reproduction and transmission of many 'first-hand accounts,' images, file attachments and hypertextual links to visual and narrative representations of the incidents.”<sup>4</sup> Such representations could be graphic, harrowing, and leave a lasting impression, as the testimony of a Chinese living in New Zealand collected on the internet despite the twelve years that separate the writing of this paper from that event suggests. This testimony adequately reveals the high expectations of a new generation of active migrants for whom Chinese ethnicity must be defended by Chinese authorities regardless of citizenship:

After having read several messages regarding the plight of the Chinese in Indonesia posted at the various Chinese news groups, I was very upset and contacted several of them to be proactive rather than just moan and groan like the past generations. So we started a campaign some 6 weeks ago urging people to fax and email messages to the Indonesian embassy urging their government to take steps now to stop the violence against Chinese and stop blaming them for their financial crisis...As the numbers of supporters increases beyond our expectation, we decided to build a web site with a team of very passionate Chinese computer web site experts, computer engineers, and academics to coordinate the effort of supporters and for supporters to post their

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<sup>3</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 123.

<sup>4</sup> Wanning Sun, ed., *Media and the Chinese Diaspora: Community, communications and commerce*, (New York, NY: Routledge, 2006), 13.

messages...Our intention was trying to promote a strong spirit of cooperation, help among Chinese of all nationalities worldwide, so that we will be in a stronger position to serve a notice to the Indonesian government and their anti-Chinese politicians. The reason I believe why the Chinese people is such an easy target to any racist group is because most Chinese are too soft, avoid speaking out, and hardly put up a 'fight', despite the fact we are the largest group in the world...From the email we received so far, the attitude has changed for the better...<sup>5</sup>

Scholars at the time foresaw the implications of this radical evolution of the relationship between the Chinese diaspora and the PRC's leadership. As one scholar put it, "presumably Beijing could face similar types of pressure in the future, raising the prospect that the PRC will become more active in speaking out on issues important to the well being of ethnic Chinese in other countries."<sup>6</sup> Indeed, when riots specifically targeting ethnic Chinese as well as key local politicians broke out in Honiara in April 2006 in the aftermath of the Solomon Islands national elections, Chinese diplomats did more than speak out. The diplomats reacted quickly and Chinese national aircraft evacuated 300 Chinese nationals from Honiara.<sup>7</sup> In another example, protests in Tonga led to the destruction and looting of most Chinese businesses in the capital after delays by the government to implement constitutional reform in November 2006. In response, ethnic Chinese citizens took refuge in the embassy of China and the PRC responded by chartering aircraft and flying out 200 of its ethnic kin.<sup>8</sup>

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<sup>5</sup> San Diego Chinese Community Website, "The Plight of Chinese in Indonesia," March 1998, <http://www.sandiegochinese.net/htmls/indonesi.htm>.

<sup>6</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 123.

<sup>7</sup> Graeme Dobell, "China and Taiwan in the South Pacific: Diplomatic Chess versus Pacific Political Rugby," *CSCSD Occasional Paper Number 1*, May 2007, 13, [http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_4\\_chapter\\_1.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_4_chapter_1.pdf) (accessed 22 March 2010).

<sup>8</sup> Ron Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," *CSCSD Occasional Paper Number 1*, May 2007, 29, [http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_5\\_chapter\\_2.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_5_chapter_2.pdf)

It appears as if the rhetoric of protection is matched by response. For example, the OCAO's web portal clearly states that Chinese officials are "to protect the legitimate rights and interests of the overseas Chinese" and the responses in the Solomon Islands and Tonga suggest the PRC is increasingly willing and able to do so.<sup>9</sup> In the words of Graeme Dobell, the "latest Chinese arrivals are proud sons and daughters of the new China, and they can look to the Motherland in ways not available or likely in previous generations," because "Beijing is now able to reach out and support its diaspora."<sup>10</sup>

### **Costs for Overseas Chinese in dealing with PRC's consular officials**

The downsides of having to deal with PRC's representatives, especially with respect to consular services, are obvious. Overseas Chinese are at the mercy of consular officials who have the power to serve other personal or national agendas in the process. Moreover, once they have indicated their need of consular services, Overseas Chinese are liable to monitoring and harassment if their political, economic, or social activities run contrary to the PRC's interests. Despite this potential for coercion, the research for this thesis uncovered very few clues of Chinese diplomats exerting such pressure on Southeast Asian ethnic Chinese. Paradoxically, such an absence of evidence may reveal that this type of intimidating practices are so widespread that Southeast Asian Overseas Chinese have come "to accept harassment as a 'way of life'," as the president of the Chinese Association in Fiji put it, and do not complain about it.<sup>11</sup> A second explanation for this lack of evidence is that intimidation is so effective that scholars, journalists, or individuals

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<sup>9</sup> Chinese Government's Official Web Portal, "Overseas Chinese Affairs Office of the State Council," [http://www.gov.cn/english//2005-10/03/content\\_74290.htm](http://www.gov.cn/english//2005-10/03/content_74290.htm) (accessed 22 March 2010).

<sup>10</sup> Dobell, "China and Taiwan in the South Pacific," 13.

<sup>11</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 29.

needing to deal with China practice self-censorship. Ross Terrill, a professor of modern Chinese history and currently a fellow in research at Harvard University's John K. Fairbank Center for Chinese Studies, is one of the rare academics who explicitly addresses this issue: "Folk worry about their next visa, their access to a sensitive area like Xinjiang for research, or take a Beijing point of view because of the largesse available for their projects from the Chinese side."<sup>12</sup> Another reason for this absence of clues can be that such practices simply do not exist. This argument does not fit, though, with the daily reality of the Falun Gong members' lives, who are "harassed and intimidated by Chinese officials" as Crocombe reports in his study of the Chinese in the Pacific islands in the twenty-first century.<sup>13</sup>

### **Benefits for Overseas Chinese in dealing with PRC's officials in China**

Overseas Chinese have other interests beyond consular services in dealing with the PRC. Another benefit for them comes from business opportunities within the rocketing domestic market in China. Mere cooperation with PRC officials is probably not enough to guarantee adequate access and market exposure. For reasons that will become obvious below, the tighter that Overseas Chinese maintain relationships with local officials, the greater they are likely to succeed.

PRC officials have long recognized that business opportunities are the key factor that motivates Overseas Chinese to show interest in China, even if that interest is temporary. The exponential surge of FDI received by China during the last decade, as shown in Chapter 1, demonstrates

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<sup>12</sup> U.S.-China Economic and Security Review Commission, *Report to Congress*, 2009, 299, [http://www.uscc.gov/annual\\_report/2009/annual\\_report\\_full\\_09.pdf](http://www.uscc.gov/annual_report/2009/annual_report_full_09.pdf) (accessed 28 March 2010).

<sup>13</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 28.



that such opportunities undoubtedly attract an increasing number of investors in China. For example, the Suzhou Industry Park founded by Singapore and China attracted 360 Singaporean companies between 1994 and 2007. The total investment made by these companies amounted to approximately US\$33.4 billion.<sup>14</sup>

Yet to benefit from these business opportunities, Overseas Chinese must know about “government regulations” as Chris WeiSteven Joo, the president of the Shanghai Singapore Business Association-Singapore Club, Shanghai, likes to underscore.<sup>15</sup> The vague wording within the OCAO’s mission statement gives a good idea of how elusive knowing these regulations can be:

To protect in accordance with the law the legitimate rights and interests of the returned overseas Chinese and their relatives, as well as those rights and interests inside China of the overseas Chinese; To draft and formulate, together with relevant departments, the guidelines and policies concerning the work of returned overseas Chinese and their family members; To conduct the work of returned overseas Chinese and their family members; To assist relevant departments in the selection of the deputies among the returned overseas Chinese and their family members.<sup>16</sup>

In other words, investors are fully dependent on the PRC’s representatives not only to get the proper authorizations to establish their businesses, but also the right guidance on how to obtain it.

This dependency is tantamount to corruption. Maintaining “tight” relationships with local officials seems to be indispensable to achieving success in the establishment of an enterprise in the PRC. A good

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<sup>14</sup> Overseas Chinese Network Website, “Singaporean Business in China, a Continuing Partnership,” 11 August 2009, <http://www.overseaschinesenetwork.com/site/news/2009/08/11/singaporean-business-china-continuing-partnership> (accessed 28 March 2010).

<sup>15</sup> Overseas Chinese Network Website, “Singaporean Business in China, a Continuing Partnership,” 11 August 2009.

<sup>16</sup> Chinese Government’s Official Web Portal, “Overseas Chinese Affairs Office of the State Council,” [http://www.gov.cn/english//2005-10/03/content\\_74290.htm](http://www.gov.cn/english//2005-10/03/content_74290.htm) (accessed 22 March 2010).

illustration is the case Granite Industries, a Malaysian company which was granted a 20-year contract with Heilong Jiang province to supply the first slot machine contract in China. The contract was granted largely thanks to the close ties its top executives had with provincial officials.<sup>17</sup> Undoubtedly, “close ties” in this context is a euphemism for “corruption.” Further evidence in support of this conclusion is the weight given to corrupt business practices by Chinese officials. For example, corruption is consistently rated as the number one political and economic concern by the PRC. The scale of corruption in China is immense. The PRC’s anti-corruption watchdog reported 106,000 cases of its own officials who were guilty of corruption in 2009, an increase of 2.5 per cent from the year before. The tight collaboration between Overseas Chinese and Chinese officials, as well as amounts of investment money and potential profits involved, ensure that individuals will pursue their own vested interests and maximize their personal benefits.<sup>18</sup>

### **Costs for Overseas Chinese in dealing with PRC’s officials in China**

Accepting corruption as the key to business success is one thing. Such corruption, however, is not without potential drawbacks for the Overseas Chinese who venture or invest in China. In addition to the costs directly incurred by corruption practices, Overseas Chinese are more at risk than foreigners when dealing with local representatives, because the “greater familiarity the mainlanders feel with the ethnic Chinese make it easy for the unscrupulous to abuse them.”<sup>19</sup> Thus, the Hong-Kong government has documented numerous cases its own Hong Kong businessmen having been detained in China without proof or having disappeared. One example is the case of Hong Kong

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<sup>17</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 86.

<sup>18</sup> BBC, “Corruption up among China government officials,” 8 January 2010, <http://news.bbc.co.uk/2/hi/8448059.stm> (accessed 28 March 2010).

<sup>19</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 86-7.

businessman Lok Yuk-shing, who was held for sixteen months in Inner Mongolia without charge regarding a business dispute and subsequently released in October 1999.<sup>20</sup>

Overseas Chinese can also find themselves caught in the middle of disputes between the PRC and other countries. One example is the case of Stern Hu, a Chinese-born Australian who was formally charged by the Australian government of espionage in September 2009. The authors of an article on this case suggest that Hu was charged as a message to the PRC for its attempt to prevent Uighur leader Rebiya Kadeer from publicly expressing his views at the Melbourne International Film Festival.<sup>21</sup>

### **Benefits and costs for Southeast Asian Overseas Chinese in dealing with their host nation**

The previous section identified both the benefits and costs incurred by Overseas Chinese in Southeast Asia when they deal with PRC officials in their host nations or back home. This next section looks at the advantages and disadvantages Overseas Chinese face in their dealings within their host nations.

### **Benefits for Overseas Chinese in dealing with their host nation**

Most Chinese migrants leave the motherland with the hope for a better life elsewhere. Southeast Asian ethnic Chinese are certainly among the most successful diaspora in doing so. On the whole, they are wealthier than mainland Chinese and many of them enjoy the privileges derived from being part of the elite of their host nation.

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<sup>20</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 86.

<sup>21</sup> Paul Dibb and Geoffrey Barker, "The highly sensitive art of doing business in China," *East Asia Forum*, 2 September 2009, <http://www.eastasiaforum.org/2009/09/02/the-highly-sensitive-art-of-doing-business-in-china/> (accessed 28 March 2010).

If the degree of success varies greatly from one individual to another, the Chinese diaspora as a whole has been remarkably skillful at gathering wealth. The 2008 estimate of their combined wealth ranges from US\$1.5 trillion to the equivalent value of China's Gross Domestic Product.<sup>22</sup> The wealthiest are by far and away the Southeast Asia ethnic Chinese who appear to be particularly gifted at creating wealth. As Amy Chua puts it, "no minority in Asia is, or has ever been, as stunningly wealthy or glaringly market-dominant as the ethnic Chinese communities of Southeast Asia, who collectively control virtually all of the region's most advanced and lucrative industries as well as its economic crown jewels."<sup>23</sup> Accordingly, the members of the High Level Committee on the Indian Diaspora identified 18 prominent Overseas Chinese companies, all of them based in the Southeast Asian region, namely in Indonesia, the Philippines, Thailand, Malaysia, Singapore, Taiwan, and Hong Kong.<sup>24</sup>

Some ethnic Chinese have gone beyond merely accumulating wealth in this region. Some have achieved exceptional careers by actively entering the local political arena. For instance, Lee Kuan Yew was the former Prime Minister of Singapore from 1959 to 1990 and is considered the founder of the city-state, Chavalit Yongchaiyudh and Chuan Leekpai alternated as Prime Ministers of Thailand from 1992 to 2001, Chua Soi Lek was Malaysia's Minister of Health until the beginning of 2008, and Gaston Tong Sang served two short terms as President of French Polynesia from 2006 to 2009.

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<sup>22</sup> Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World*, (New Haven: Yale University Press, 2007), 75; Michael Fullilove, *World Wide Webs: Diasporas and the International System*, Lowy Institute Paper 22 (Sydney, Australia: Lowy Institute for International Policy, 2008), 18.

<sup>23</sup> Amy Chua, *World on fire: How exporting free market democracy breeds ethnic hatred and global instability* (New York, NY: Doubleday, 2003), 47.

<sup>24</sup> Indian Ministry of External Affairs, *Report of the High Level Committee on the Indian Diaspora*, Report to the Prime Minister of India, New Delhi, 8 January 2002, 310. <http://www.indiandiaspora.nic.in/contents.htm> (accessed 29 March 2010).

At this level of power, political clout and wealth converge to create significant influence nationally and internationally. Being part of the local elite fabric yields interesting advantages for Overseas Chinese. For example, such membership helps protect and preserve one's property and investments. As Bill Willmott noted, during the Solomon Islands 2006 anti-Chinese riots "several of the well-established Chinese businessmen received timely warning of the impending invasion of Chinatown and were able to arrange protection to save their properties from looting and arson" thanks to the good relations established with some of the local elite.<sup>25</sup> Elite membership also helps to preserve one's job. One common joke in Thailand is that Charoen Pokphand, head of the country's most successful ethnic Chinese company and an aggressive investor in China, employs so many former Thai politicians that the company could hold a cabinet meeting at the same time as it conducts a business meeting.<sup>26</sup>

### **Costs for Overseas Chinese in dealing with their host nation**

Overseas Chinese can face consequences as a result of their top political connections and a higher standard of living. They are often the victim of anti-Chinese bursts of violence because they are an easy scapegoat for resentful local mobs. In addition, the diaspora can prove easy prey for criminal abuse. Finally, Overseas Chinese can suffer adversely when they find themselves in the middle of disputes between the host nation and the PRC.

Ethnic Chinese interests in local politics sometimes lead to violent backlash when parts of the local population perceive this interest

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<sup>25</sup> Bill Willmott, "Varieties of Chinese Experience in the Pacific," *CSCSD Occasional Paper Number 1*, May 2007, 41, [http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_6\\_chapter\\_3.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_6_chapter_3.pdf) (accessed 29 March 2010).

<sup>26</sup> Indian Ministry of External Affairs, Report of the High Level Committee on the Indian Diaspora, 309.

resulting in additional enrichment. For instance, Solomon Islands' academic Tarcisius Tara Kabutaulaka wrote that the violence that occurred in 2006, in the aftermath of Snyder Rini's election as Prime Minister, was the "result of widespread public perceptions that Asian—especially Chinese—businessmen bribed members of parliament into supporting Rini and the 'old guard' who served their interests."<sup>27</sup>

In a more general sense "ethnic Chinese wealth makes life difficult for them" because it "triggers resentment that sometimes turns into violence."<sup>28</sup> This has been especially true in countries like Indonesia where Chinese are less assimilated and they represent only 3 to 4 percent of the local population but control 70 percent of the country's wealth. Bill Willmott shares this view when, commenting on the 2006 events in the Solomon Islands, he wrote that "one cannot ignore the fact that Honiara had a growing squatter population that was envious of anyone with property, and the Chinese shops held all the 'goods' they coveted."<sup>29</sup> The riots that occurred in Papua New Guinea's second-largest city of Lae in May 2009, where looters ransacked Chinese-owned businesses, also tend to confirm this theory of resentment against ethnic Chinese wealth. Unable to clearly identify the roots of the violence, *The National* newspaper attributed it to the "anti-Chinese sentiment that has been growing among indigenous Papua New Guineans," pointing out that "Chinese immigrants own many small businesses in Lae and the capital Port Moresby."<sup>30</sup>

Bursts of violence are not the only type of aggression Overseas Chinese have to endure in Southeast Asia. They also suffer a more permanent, if less visible, form of brutality: racketeering. The reasons for

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<sup>27</sup> Dobell, "China and Taiwan in the South Pacific," 10.

<sup>28</sup> Bolt, China and Southeast Asia's Ethnic Chinese, 25-6.

<sup>29</sup> Willmott, "Varieties of Chinese Experience in the Pacific," 41.

<sup>30</sup> Reuters, "One dead in anti-Chinese riots in PNG – media," 15 May 2009, <http://www.reuters.com/article/idUSSYD47235620090515> (accessed 24 March 2010).

the blackmailing of ethnic Chinese are similar to those that occasionally spark riots against them: “they are seen as an easy target; are richer; or are resented for competing for jobs or business opportunities, or for corrupting politicians and officials, and extracting wealth without contributing to the community (including avoiding taxes, import duties and other charges, as well as lacking in community participation).”<sup>31</sup> The following examples, reported in one scholar’s fieldwork, illustrate this claim:

Six drunk, off-duty policemen assaulted Chinese businessman Frankie Gui who has lived twenty-five years in PNG and owns the Kwik Shop chain. They shot rifles at his feet, probably to coerce a “donation” from him, but Mr Gui complained because he had already given the police so much cash and fuel. A senior Solomon Islands official told me in 2001 that his brother led the destruction of the head office and machinery of the Malaysian–Chinese logging firm Golden Springs because they were destroying forests, reefs and rivers on his island. He said that before long the whole of Chinatown would be burned down. Many Chinese fishing boats left Chuuk (FSM) in the 1990s because of demands by Chuukese for cigarettes, liquor and other payments for “protection”. In Majuro (Marshall Islands), five Chinese businesses were burned down in a very short time. The Northern Marianas sees high levels of violent crime by local youth against Asians, much of it to pay for drug addiction. Crimes against the then 300 Chinese in Tonga (almost all in business) became so serious in 1999 that Prime Minister Vaea made a public appeal to stop it. Two years later the police minister ordered Chinese shopkeepers and their families to leave within one year “for their own protection”, because of violence against them. That order was not carried out and some wonder whether it was intended to be, as it intimidated the Chinese and made them more vulnerable to “gift-giving” or extortion.<sup>32</sup>

The worst enemies of the ethnic Chinese are not natives from the host nation, but rather criminals of their own kin. Chinese criminal

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<sup>31</sup> Crocombe, “The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century,” 28.

<sup>32</sup> Crocombe, “The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century,” 29.

gangs are infamous for preying on their own communities and the countries of Southeast Asia are no exception. For instance, in a crackdown on Chinese criminals in Port Moresby in 2004, police raided seven shops and detained twenty-eight illegal immigrants who were smuggling people and cargo, producing pornography, selling guns and drugs, running illegal brothels, gambling and money laundering, and bribing officials.<sup>33</sup> Prostitution also plagues Chinese communities. A 2006 study by the College of Micronesia estimated that 90 per cent of 1,500 prostitutes were Chinese.<sup>34</sup> Moreover, Chinese gangs easily resort to the most brutal violence to achieve their goals. They practice torture and murder, as with the Chinese shopkeeper whose head was chopped off in Papua New Guinea, or the three Chinese businessmen and a Fijian guard murdered at a fish factory in Fiji in 2003 who were tortured and dismembered.<sup>35</sup>

At the national level, Overseas Chinese communities can become the victims of their host nation's jousting with the PRC. The case of the Sino-Vietnamese conflict is instructive. As Shaio Zerba aptly synthesizes, "the ethnic Chinese became pawns in the strategic game between Moscow, Hanoi, and Beijing."<sup>36</sup> The extreme pressure put upon the ethnic Chinese in the spring of 1978 by the Vietnamese Government, which forcibly expropriated and resettled them, led to a mass exodus across the Sino-Vietnamese border. The flow continued until 1980,

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<sup>33</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 30.

<sup>34</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 30.

<sup>35</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 29.

<sup>36</sup> Shaio H. Zerba, "The PRC's overseas Chinese policy" (Thesis, Naval Postgraduate School, 2008), 29, <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA483586&Location=U2&doc=GetTRDoc.pdf> (accessed 18 November 2009).



bringing the total number of refugees into China to 260,000 and boat refugees to 400,000.<sup>37</sup>

**Synthesis: Are Southeast Asia Chinese diasporas inclined to cooperate with the PRC or do they have too much to lose do so?**

The cost-benefit analysis for Chinese diasporas in the Southeast Asia can be summarized as follows:

**Table 2. Cost/Benefit analysis of Southeast Asia Overseas Chinese's interests**

<b>Chinese diasporas</b>	<b>Costs</b>	<b>Benefits</b>
<b>Dealing with PRC's officials in HN</b>	Harassment by Chinese officials if their demeanor does not fit the PRC's interests.	Proper administrative authorizations if they are willing to return as family visitors, tourists, students, businessmen, or perhaps permanent residents.  Beijing is increasingly able to reach out and protect them.
<b>Dealing with PRC's officials in China</b>	Economic costs directly incurred by corruption practices  Overseas Chinese are more at risks than other foreigners are.  Overseas Chinese individuals caught in the middle of disputes between China and other countries.	Business opportunities.  Tight relationships with local officials are indispensable to achieve success.
<b>Dealing with the HN</b>	Anti-Chinese bursts of violence.  Wealth makes life difficult for them: they are racketeered by locals as well as brutalized by Chinese gangs.  Victims of their host nation's trial of strength with the PRC.	Political careers.  Wealthier life than in China.

<sup>37</sup> Zerba, "The PRC's overseas Chinese policy," 30.

On the basis of the preceding assessment, the question remains as to whether or not Southeast Asia Overseas Chinese are likely to cooperate with the PRC.

The data collected in this chapter suggest that while the majority of ethnic Chinese in Southeast Asia are unlikely to cooperate explicitly with the PRC, some communities and numerous individuals have evident incentives in readily complying with China's potential demands. Southeast Asian Chinese have been particularly successful in achieving their goal as migrants: living a better life than the one they left behind in China. This success in turn exposes them to the resentment of their host population which has a tendency to express its discontent through violence. Intimidation, racketeering, torture, arson, and wide scale bloodletting are not unusual occurrences for Overseas Chinese in Southeast Asia. Given the tenuous and uncertain nature of their existence in this environment, one can conclude that the majority of Southeast Asian ethnic Chinese communities cannot afford to cast doubt as to their loyalty by actively cooperating with Chinese authorities and putting at risk their life's achievement.

However, some communities like the ones living in Indonesia, Papua New Guinea, and some of the small Pacific states such as the Solomon, Marianas, and Fiji Islands could prove receptive to Beijing's appeals if it helps improve their fate. Given their inability to integrate into the society of their host nation, the economic visibility, and the harm they have already endured, Overseas Chinese are indeed likely to cooperate actively with the PRC in exchange for credible and demonstrable protection.

If Beijing is not in a position, *a priori*, to convince the majority of the Overseas Chinese population in Southeast Asia to further the national agenda, it can nevertheless count on the collaboration of all individuals who need to maintain a physical link with the PRC. Indeed,

those who need to go back to the PRC, whether for familial, cultural, or business reasons, have to comply with the administrative barriers set by the consular affairs and other administrations that specifically deal with Overseas Chinese affairs. These unavoidable contacts between Overseas Chinese and Chinese authorities give the latter a unique opportunity to exert pressure, including corruption, on the former. Despite the risks and costs individuals incur by dealing with corrupt and unscrupulous Chinese officials, events of the last decade suggest that an increasing number of Overseas Chinese are willing to play by these imperfect rules to take advantage of business opportunities. Although many such abuses seem to be the actions of local potentates rather than those directed by the central government, the door seems open for Beijing to exploit more effectively the cooperative spirit of this growing pool of individuals by integrating them in a more focused, cohesive manner.

## Chapter 3

### **Host Nations' interests**

The preceding chapter studied the interests of the Chinese diaspora. It determined that, while the majority of ethnic Chinese in Southeast Asia are unlikely to collaborate with the PRC, numerous individuals and communities have evident incentives for complying readily with China's possible demands. This chapter focuses in turn on the perspective of the host nations within Southeast Asia. In particular, it seeks to identify first the benefits and costs that host nations have in their relation with the PRC. It then looks at the advantages and disadvantages they face in hosting and sustaining a Chinese diaspora in their country. Lastly, this chapter establishes whether or not host nations are a hindrance or catalyst in the relationship that the PRC has with Chinese diasporas.

### **Benefits and Costs for the Host Nations in cooperating with China**

#### **Host Nations' benefits in cooperating with the PRC**

There are three significant advantages for Southeast Asia states in establishing a strong partnership with Beijing. First, such states benefit directly from China's tremendous economic growth. Second, the leaders of such countries can expect that China will deal economically with them without interfering in their internal affairs, as opposed to the traditional Western approach that often ties directly trade to domestic reforms such as human rights, reducing corruption, and environmental issues, among others. Third, bilateral defense cooperation agreements with the PRC help Southeast Asian countries to stabilize a region littered with numerous potential flashpoints. Each of these points is explored in more detail in this section

The most obvious benefit for the Southeast Asia countries in cooperating with the PRC is indisputably economic in nature. According to *Xinhua News Agency*, the trade volume between China and Association of South East Asian Nations (ASEAN) countries grew more than 15 percent per year for the last two decades.<sup>1</sup> Bilateral trade between China and ASEAN reached a total volume of US\$ 202.6 billion in the year 2007, an increase of 25.9 per cent over the previous year. As one scholar notes, Southeast Asian states undoubtedly “are eager to benefit from China's tremendous economic growth.”<sup>2</sup> That Southeast Asian leaders and the PRC have achieved the trade target of US\$200 billion three years ahead of time not only indicates a strong desire for cooperation but also the huge potential for future trade.<sup>3</sup>

Another strong indicator of this trend of economic cooperation has been the creation of the China-ASEAN Free Trade Area (FTA), which concerns China and six Asian nations: Brunei, the Philippines, Indonesia, Malaysia, Thailand, and Singapore. The FTA eliminates the tariff on 90 per cent of imported goods and is the largest of its kind, covers a population of 1.9 billion and encompasses a region with the “largest GDP worth \$2 trillion” annually.<sup>4</sup> Only operational since 1 January 2010, it has already greatly “pushed forward” bilateral trade in January according to the PRC’s Ministry of Commerce spokesman Yao

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<sup>1</sup> Shaio H. Zerba, “The PRC’s overseas Chinese policy” (Thesis, Naval Postgraduate School, 2008), 52, <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA483586&Location=U2&doc=GetTRDoc.pdf> (accessed 18 November 2009).

<sup>2</sup> Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia* (Westport, CT: Praeger Publishing, 2000), 121.

<sup>3</sup> Xinhua, “Trade between China, ASEAN hits \$202.6 bln, three years ahead of schedule,” *People’s Daily Online*, 17 January 2008, <http://english.people.com.cn/90001/90776/90884/6339671.html>.

<sup>4</sup> Asia News Network, “China-Asean FTA Pact Set to Boost Trade Volume,” 30 December 2009, <http://www.asianewsnet.net/news.php?id=9317&sec=2>.

Jian.<sup>5</sup> ASEAN nations have great expectations from the FTA, as demonstrated by a Thai embassy official who predicts that the trade volume in the China-Asian FTA "will jump," and the yearly rate of growth will be "40 to 50 percent or more for a certain period of time."<sup>6</sup> By 2015, the FTA is expected to extend between China and four new ASEAN members: Cambodia, Laos, Myanmar and Vietnam.<sup>7</sup>

The economic benefits that Southeast Asian countries receive are appealing for another reason. Unlike Western countries, which often place stipulations or additional requirements, the PRC makes only one simple demand: recognition of the PRC's "one-China policy." This approach appeals to many Southeast Asian leaders as "China, unlike the US with its militant promotion of regime change in non-democratic states, has no value system to sell and no messianic mission to fulfill."<sup>8</sup> The lack of conditions on economic cooperation certainly proves attractive for some countries like Myanmar which share a political interest with China in rebuffing Western demands linking trade and aid to human rights.<sup>9</sup> Others also find the absence of restrictions attractive, including many of the small island nations of the Pacific. This was noted in a 2006 Australian Senate report on China which concluded: "In contrast to the financial aid Australia contributes to Pacific nations,

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<sup>5</sup> People's Daily Online, "China-ASEAN Trade Volume Increases 80% in Jan 2010," 26 February 2010,

<http://english.peopledaily.com.cn/90001/90778/90861/6903618.html>.

<sup>6</sup> Asia News Network, "China-Asean FTA Pact Set to Boost Trade Volume," 30 December 2009, <http://www.asianewsnet.net/news.php?id=9317&sec=2>.

<sup>7</sup> Xinhua, "China-ASEAN Free Trade Area Starts Operation," China Daily, 1 January 2010, [http://www.chinadaily.com.cn/china/2010-01/01/content\\_9255011.htm](http://www.chinadaily.com.cn/china/2010-01/01/content_9255011.htm).

<sup>8</sup> Francois Heisbourg, "The coming age of the self-interested superpower," *Financial Times*, 16 February 2006,

[http://www.howardwrench.com/archives/2006/02/18/china\\_the\\_coming\\_age\\_of\\_the\\_selfinterested\\_superpower/](http://www.howardwrench.com/archives/2006/02/18/china_the_coming_age_of_the_selfinterested_superpower/).

<sup>9</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 121.

China's aid to these countries is not conditional on them improving standards of governance.”<sup>10</sup>

In addition to the economic benefits associated with riding along with Asia's economic metaphorical tiger, there are other tangible benefits for Southeast Asian countries as well. One such benefit is in the area of security and defense cooperation. The leaders of many Southeast Asian nations, including Malaysia, Indonesia, Singapore, and Thailand, have responded positively to China's active and positive efforts to ensure regional security. Hisato Toyama, a Senior Research Councilor of the Japanese Defense Research Center, points out that many seeds of conflicts remain in the region including: border disputes, both inland and maritime; and, minority population issues in border districts, which cause ASEAN nations to continue their effort for armament modernization as a means to secure their own safety.<sup>11</sup> Other major issues such as piracy, transnational crime, terrorism, and religious fundamentalism also plague the region.

For these reasons ASEAN nations “also regard [China] as an essential factor in the regional safety in the course of deepening political and economy relations.”<sup>12</sup> Thus, China's regional foreign policy has been characterized by a spate of recent bilateral defense cooperation agreements. Recent examples include: a Memorandum of Understanding on defense cooperation signed by Ministers from China and Malaysia in September 2005; an agreement on defense cooperation signed by Chinese and Indonesian Defense Ministers in November 2007; an

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<sup>10</sup> Australian Senate Foreign Affairs Defence and Trade References Committee, *China's emergence: implications for Australia* (Canberra, Australia: the Senate Printing Unit, Parliament House, March 2006), 166, [http://www.aph.gov.au/Senate/committee/fadt\\_ctte/completed\\_inquiries/2004-07/china/report02/report.pdf](http://www.aph.gov.au/Senate/committee/fadt_ctte/completed_inquiries/2004-07/china/report02/report.pdf) (accessed 26 March 2010).

<sup>11</sup> Hisato Toyama, “Extra-Regional Military Cooperation in Southeast Asian Nations,” DRC Annual Report, 2001, <http://www.drc-jpn.org/AR-5E/toyama-e..htm>.

<sup>12</sup> Hisato Toyama, “Extra-Regional Military Cooperation in Southeast Asian Nations,” DRC Annual Report, 2001, <http://www.drc-jpn.org/AR-5E/toyama-e..htm>.

agreement on defense exchanges and security cooperation reached between Singapore and China in January 2008; and, joint counter-terrorism training between army special operations personnel from China and Thailand in Guangzhou, China (July 2007) and Chiang Mai, Thailand (July 2008).<sup>13</sup>

The net effect of cooperative security and defense measures is the general perception among Southeast Asian leaders that China is less a security threat than a responsible neighbor with its neighbors. This confidence that “Chinese intentions are largely nonaggressive” derives from the fact that China “has played a rather constructive role in the region in recent decades.”<sup>14</sup> Two specific positive developments have been the PRC’s halt of support for communist insurgencies within Southeast Asian countries and its refusal to devalue its currency during the severe Asian economic crisis of the 1990s. The latter action, in particular, significantly aided the recovery of Thailand and Indonesia. Moreover, ASEAN leaders are also aware that the Chinese government faces a number of quite serious domestic problems: increasing demographic pressures, galloping urbanization, wide scale pollution, water shortages, discontented ethnic and religious minorities, and social unrest among the labor class. They, therefore, reason that the PRC leaders have set the priority on development and regional stability to mitigate the risk of domestic unrest. Any near- or mid-term foreign policy adventurism, or alienation of its neighbors, would be ill-advised and distract from these domestic challenges.<sup>15</sup>

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<sup>13</sup> State Council Information Office of the Chinese government, *China's National Defense in 2008*, White Paper on National Defense, 20 January 2009, 15, [http://www.china.org.cn/government/central\\_government/2009-01/20/content\\_17155577\\_4.htm](http://www.china.org.cn/government/central_government/2009-01/20/content_17155577_4.htm) (accessed 25 January 2010).

<sup>14</sup> Carolyn W. Pumphrey, ed., *The Rise of China in Asia: Security implications* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, January 2002), 7.

<sup>15</sup> Pumphrey, *The Rise of China in Asia: Security implications*, 8.



## **Host Nations' costs in cooperating with the PRC**

Although the leaders of most Asian nations “apparently do not see China as a security threat” for the reasons above, they have legitimate reasons to be wary of rising Chinese power.<sup>16</sup> The PRC already has the economic might to decide whether to help or undermine other countries’ development. As Michael Chambers shrewdly notes, China disposes of “an important nonmilitary capability” it “can use to threaten the economic security and social stability of countries such as Thailand, Indonesia, and the Philippines.”<sup>17</sup> Given that China is a direct competitor with these countries for export markets, and one with a significant advantage in regard to cheap labor, a sharp devaluation of the Chinese currency could undermine the growth efforts of these Southeast Asian countries.<sup>18</sup> What is more, with the rise of its military power, the PRC might very well be inclined to settle long-standing disputes with its neighbors by also resorting to force.

Even if “[i]t will take at least half a century for China to have the second most powerful military in the world,” according to PLA Navy Rear Admiral Zhang Zhaozhong, some ASEAN leaders fear that as PRC leaders become more confident, they will seek to settle long-standing quarrels through the use of force at the expense of ASEAN countries.<sup>19</sup> There are indeed a number of unresolved security and border disputes between China and its neighbors. Richard Cronin, the Director of Southeast Asia Program for The Stimson Center, testified before Congress that China is

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<sup>16</sup> Pumphrey, *The Rise of China in Asia: Security implications*, 7.

<sup>17</sup> Michael R. Chambers, “Rising China: a Threat to its Neighbors?” in *The Rise of China in Asia: Security Implications*, 77.

<sup>18</sup> Chambers, “Rising China: a Threat to its Neighbors?” in *The Rise of China in Asia: Security Implications*, 77.

<sup>19</sup> Wang Yuan, “Glorious Parade Doesn't Equal True Military Might,” *Global Times Online*, 4 January 2010, [https://www.opensource.gov/portal/server.pt/gateway/PTARGS\\_0\\_0\\_246\\_203\\_121123\\_43/content/Display/11444713?highlightQuery=eJzT8A9zDQp2dQxWcPRzUXD28PRzDXbVBABDogXM&fileSize=15678](https://www.opensource.gov/portal/server.pt/gateway/PTARGS_0_0_246_203_121123_43/content/Display/11444713?highlightQuery=eJzT8A9zDQp2dQxWcPRzUXD28PRzDXbVBABDogXM&fileSize=15678) (accessed 8 May 2010).

the “common denominator in South China Sea disputes.”<sup>20</sup> Beijing has a history of using force to uphold its claims in this maritime arena, clashing with Vietnam over the Paracel Islands in 1974 and over Johnson Reef in 1988 as well as with the Philippines over Mischief Reef in the Spratly Islands in 1995. While China seems to have taken a more conciliatory stance, particularly after this latest incident provoked an unexpected collective reaction among the ASEAN countries, its deeds indicate that its increasing need for resources still looms behind its foreign policy. China “still resolutely refuses to enter into substantive multilateral discussions” and uses “its superior power to enforce its claims unilaterally.”<sup>21</sup> Indeed China has repeatedly drilled for oil and gas in areas claimed by Vietnam, based upon historical access, and Chinese ships have also had fishing rights disputes with Vietnam, the Philippines, Malaysia, and Brunei. For these reasons and others Philippine president Joseph Estrada called China the biggest threat to Asia's security in 1999 after a fishing dispute led Philippine vessels to ram Chinese fishing boats.<sup>22</sup>

Were the PRC to decide to follow the United States' path of reinforcing its diplomacy with a strong military instrument of power, then conflicts over territory and resources are not the only flash points that could prove harmful to China's neighbors. As 80 percent of its oil imports go through the Straits of Malacca, which is as one Chinese naval strategist expressed it “akin to breathing – to life itself,” China might use military force to ensure access to this vital resource. One scenario painted by security analysts is China using its expanding sea power to take control of the Malacca Strait and deny vital energy supplies to East

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<sup>20</sup> Richard P. Cronin, “Maritime Territorial Disputes and Sovereignty Issues in Asia,” Testimony before the Senate Subcommittee on East Asia and Pacific Affairs, 15 July 2009, 2, <http://foreign.senate.gov/testimony/2009/CroninTestimony090715p.pdf> (accessed 26 March 2010).

<sup>21</sup> Cronin, “Maritime Territorial Disputes and Sovereignty Issues in Asia,” 3.

<sup>22</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 108.

Asian nations.<sup>23</sup> In addition to this potential flashpoint, the Chinese-Japanese relationship has also the potential to degenerate. One reason put forward is the unlikelihood of the Chinese forgiving the Japanese for their wartime atrocities. This, in turn, angers the younger generation of Japanese who cannot understand why the PRC, which is considered to be a premier human rights abuser, is unwilling to forgive the wrongdoings of a previous generation of Japanese.<sup>24</sup> The last potential conflict in the region could erupt over Taiwan. A military confrontation with Taiwan could have significant effects throughout Asia especially if PRC leaders prove impatient on the issue of reunification. Were such a scenario to occur, most countries would probably face the dilemma of choosing sides between the PRC and the United States and coping with the risk of serious domestic unrests sprung by the presence of a large proportion of Chinese minorities representing both the PRC and Taiwan.

### **Benefits and costs for Host Nations in dealing with their ethnic Chinese**

#### **Host Nations benefits in harnessing with their Chinese diasporas**

Host nations have substantial interests in harnessing the ethnic Chinese communities within their territory because they constitute an essential asset that brings about economic advantages and increased cooperation with the PRC. This section shows, indeed, that in many cases Chinese diasporas in Southeast Asia are indispensable to the running of their host nation's economy because they own most of the national wealth. They also bridge their host nations to the PRC thanks to their extensive networks (*guanxi*).

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<sup>23</sup> Pumphrey, *The Rise of China in Asia: Security implications*, 11-2.

<sup>24</sup> Pumphrey, *The Rise of China in Asia: Security implications*, 9.

Overseas Chinese play a significant role in the economic development of their host nations. This was noted in 2007 by Jia Qinglin, the 2007 chairman of the National Committee of the Chinese People's Political Consultative Conference. At the 9<sup>th</sup> World Chinese Entrepreneur Convention, attended by more than 3,000 ethnic Chinese, Jia suggested that overseas Chinese "actively push forward the development and progress of the country they live in."<sup>25</sup> The following data from Indonesia, Thailand, the Philippines, and Malaysia suggests that this may be increasingly the case. In Indonesia the Chinese represent four percent of the population but control 90 percent of Indonesia's largest conglomerates and approximately 50 percent of the Indonesian economy. In Thailand, the numbers are 10 percent of the population and 81 percent of the wealth. In the Philippines, Chinese are one percent of the population but they manage 60 percent of the wealth. Finally, in Malaysia, Chinese businessmen own or control an estimated 80 percent of small and medium sized industries.<sup>26</sup>

This high percentage of business ownership by overseas Chinese can be explained partially by the intrinsic cultural skill of Chinese businessmen at maintaining their business networks, or *guanxi*. Such *guanxi* are an asset that directly benefits host nations with significant Chinese diasporas. These benefits have been described by William Fullilove in the following way: "there is good evidence that people living in a country other than their own can stimulate bilateral trade between the two markets," because "their knowledge of home country markets, languages, preferences and business contacts, can reduce transaction

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<sup>25</sup> Xinhua, "Jia Qinglin voices five-point hope for overseas Chinese," Website of the Embassy of the People's Republic of China in Australia, 17 September 2007, <http://au.china-embassy.org/eng/xw/t363128.htm> (accessed 8 May 2010).

<sup>26</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 25; David Ahlstrom et al., "High technology and globalization challenges facing overseas Chinese entrepreneurs," SAM Advanced Management Journal, 22 March 2004, <http://www.highbeam.com/doc/1G1-118495682.html> (accessed 8 May 2010).

costs and facilitate trade.”<sup>27</sup> Furthermore, because the notion of guanxi peculiarly hinges on mutual trust, they can directly or indirectly urge their business partners to invest in their host nations when business opportunities occur. Senior officials within the government of Malaysia, for instance, are peculiarly aware of the crucial role of intermediary held by its important Chinese minority in a multiethnic society.<sup>28</sup>

For their role Malaysian officials strive to guarantee Chinese cultural rights and have “not only encouraged ethnic Chinese investment in China, but have also urged ethnic Chinese to use their influence to attract Chinese investments in Malaysia.”<sup>29</sup> Singapore's founding father, Lee Kuan Yew, reached the same conclusion. Yew consistently praised the virtues of Chinese guanxi and told the 2<sup>nd</sup> World Chinese Entrepreneur Convention “not to be ashamed of cultivating networks.”<sup>30</sup> The most significant proof of the recognition that ethnic Chinese are a crucial asset in a viable partnership with China comes from Indonesia. President Abdurrahman Wahid understood that the repatriation of Chinese Indonesian money, and the role Chinese businessmen play in Indonesian development, was key to his country's economic recovery.<sup>31</sup> Eager to surf the wake of China's economic growth for its own development, Indonesia has fully reversed its policy in regard to its ethnic Chinese communities. Whereas a decade ago violent oppression was the lot of Chinese Indonesian, today they are “enjoying an

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<sup>27</sup> Michael Fullilove, *World Wide Webs: Diasporas and the International System*, Lowy Institute Paper 22 (Sydney, Australia: Lowy Institute for International Policy, 2008), 35.

<sup>28</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 117.

<sup>29</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 122.

<sup>30</sup> Tim Ambler, Chao Xi, and Morgen Witzel, *Doing Business in China*, Third Edition (New York, NY: Routledge, 2008), 100; Bolt, *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia*, 30; Lee Kuan Yew, “The Loyalty of Overseas Chinese Belongs Overseas,” *New York Times*, 23 November 1993, <http://www.nytimes.com/1993/11/23/opinion/23iht-nulee.html?pagewanted=1> (accessed 26 March 2010).

<sup>31</sup> Rizal Sukma, “Indonesia Perceptions of China,” in *The China Threat: perceptions, myths and reality*, ed. Herbert S. Yee and Ian Storey (New York, NY: RoutledgeCurzon, 2002), 194.

unprecedented renaissance, rediscovering their roots and displaying ethnic pride in once unimaginable ways.”<sup>32</sup>

In a more general manner, overseas Chinese act as a bridge between China and Southeast Asian states. Former Thai Prime Minister Thaksin Shinawatra publicly acknowledged his ethnic Chinese background as key in his ability to establish strategic relations with Beijing.<sup>33</sup> As Leo Suryadinata points out, Southeast Asian envoys to the PRC often include ethnic Chinese.<sup>34</sup> For instance, the Malaysian Prime Minister Tun Mahathir bin Mohamad led a business delegation to Beijing in 1999 of whom 193 were ethnic Malaysian Chinese.<sup>35</sup> The Australian Government is also aware of the bridging potential of its ethnic Chinese. A 2002 study from the Australian Department of Foreign Affairs and Trade explicitly encourages federal as well as state and territory governments to assist Australia's community of Chinese entrepreneurs to engage more fully in a bridging role with ethnic Chinese networks of East Asia, including China.<sup>36</sup>

### **Host Nations’ costs in dealing with their Chinese diasporas**

Southeast Asian ethnic Chinese thus occupy a central role in the economic development of their host nations. This section shows however

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<sup>32</sup> Solenn Honorine, “Chinese and Proud of It: Once a Repressed Minority, Southeast Asia's Chinese Diaspora is Feeling its Roots,” *Newsweek*, 23 August 2008, <http://www.newsweek.com/id/154932> (accessed 9 May 2010).

<sup>33</sup> Joshua Kurlantzick, *Charm offensive* (New Haven, CT: Yale University Press, 2007), 126.

<sup>34</sup> Leo Suryadinata, *China and the ASEAN States: The Ethnic Chinese Dimension* (Singapore: Times Academic Press, 2004), 103.

<sup>35</sup> Poon Kim Shee, “The Political Economy of Mahathir’s China Policy: Economic Cooperation, Political and Strategic Ambivalence,” *Ritsumeikan Annual Review of International Studies*, Vol.3 (2004): 65. <http://www.ritsumei.ac.jp/acd/cg/ir/college/bulletin/e-vol.3/shee.pdf> (accessed 26 March 2010).

<sup>36</sup> Australian Department of Foreign affairs and Trade, “Overseas Chinese Business Networks in Asia,” 18 September 2002, [http://www.dfat.gov.au/publications/catalogue/overseas\\_chinese\\_business.html](http://www.dfat.gov.au/publications/catalogue/overseas_chinese_business.html) (accessed 8 May 2010).

that this situation puts their hosts' leaders in a very delicate situation. On the one hand, governments put at risk the cohesiveness of their society. Some ethnic Chinese become so powerful that they may be tempted to impose their own conditions on their host nation's politicians. Most importantly, envy, enduring suspicion over ethnic Chinese loyalty, and the surge of Chinese gangs' criminality feed the grievances of an indigenous population which acutely resents the disproportionate influence held by Chinese communities. On the other hand, Southeast Asian authorities cannot permit these tensions to degenerate into bloodshed. Not only this would hurt their own economic interests, but it could also encourage a growingly assertive China to intervene forcefully in the domestic affairs of the countries that prove unable to protect its diaspora. Each of these points is explored in more detail in this section.

Ethnic Chinese exert a disproportionately important influence in many Southeast Asian countries due to the importance of their wealth and scope of their *guanxi* networks. One author suggests that Chinese "multiple linkages [financially and politically] give advantages in situations of international interaction."<sup>37</sup> Indeed, most of Southeast Asia's identified tycoons are of Chinese descent. For example, of the Southeast Asia's 40 richest businesspeople identified by Forbes Asia in 2005, more than 25 have Chinese ancestry.<sup>38</sup> The prominence of Southeast Asian tycoons in world affairs also appears in the 2009 list published by the World Eminent Chinese Business Association, which names the 500 richest ethnic Chinese businessmen. Among these 500, 16 are Singaporean, eight Indonesian, eight Filipino, and eight

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<sup>37</sup> Ron Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century" (CSCSD Occasional Paper Number 1, The Australian National University, May 2007), 30,

[http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_5\\_chapter\\_2.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_5_chapter_2.pdf) (accessed 9 May 2010).

<sup>38</sup> Justin Doebele, "Southeast Asia's 40 Richest," *Forbes.com*, 8 September 2005, [http://www.forbes.com/2005/09/07/southeast-asia-richest-cz\\_05sealand.html](http://www.forbes.com/2005/09/07/southeast-asia-richest-cz_05sealand.html) (accessed 9 May 2010).

Malaysian.<sup>39</sup> Many other individuals of Chinese descent have obtained political power in their host nations. In addition to those already mentioned in Chapter 2, one can also include Sir Julius Chan, who was twice prime minister of Papua New Guinea, Jim Ah Koy who was finance minister in Fiji, Anote Tong who is the current president of Kiribati, and four of the five last prime ministers of Thailand being of Chinese ethnicity. As is often the case, political clout and wealth converge together to form the basis of power and this is not different in many of Southeast Asia states.

The wielding of such economic and political power by their ethnic Chinese communities is not without potentially destabilizing consequences in some countries. There is the temptation that ethnic Chinese can become so powerful that they may be tempted to impose their own conditions or change radically the outlook or constitution of the host nation's government. For instance, Solomon Islands' former Prime Minister, Bartholomew Ulufa'alu, believed the civil disturbances of the late 1990s "were consciously aggravated by certain Chinese entrepreneurs who sought to topple a government that wanted them to pay their taxes and obey the law."<sup>40</sup>

States also risk the cohesiveness of their society if they apply policies that disproportionately favor their Chinese communities. Many Southeast Asians are "uncomfortable with the alliances between Chinese business persons and pragmatic national elites wherein indigenous officials protect and provide contracts for Chinese business leaders in return for financial compensations."<sup>41</sup> Such tensions have already led, as mentioned earlier in chapter 2, to violent confrontations between the

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<sup>39</sup> Jay Wang, "World's 500 Richest Chinese Businessmen," *Bloomberg*, 4 September 2009, <http://www.skyscrapercity.com/showthread.php?t=778354&page=204> (accessed 27 March 2010).

<sup>40</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 28.

<sup>41</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 110.



Chinese and local communities in many countries and more can be expected. In Malaysia or Indonesia, whose leaders have openly equated successful business careers of the Chinese segment of their population to the development of their country, there is a risk to the soundness of this policy if continued growth is not visible. Never one to shy away from controversy, Malaysia's president Mohammed Mahathir voiced this concern publicly. Speaking at an inaugural session of the new Malay nationalist political party Perkasa in Kuala Lumpur, Mahathir, pointed out Malaysia's absence of growth during the last five to six years and expressed his increasing concern that "disputes between racial groups risked fuelling 'anger and hatred' and causing instability."<sup>42</sup>

The resentment among the indigenous population for the ethnic Chinese communities' higher living of standards is compounded by enduring host nation suspicions about the loyalty of overseas Chinese. Host nations have historically been wary of the alleged blood allegiance of their citizens of Chinese descent (Appendix) and the PRC's renewed aggressive wooing is prone to reinvigorate ostracism of overseas Chinese. Thus, as Bolt writes, "staunch nationalists and conservative Muslims see the ethnic Chinese as separate from the native inhabitants of Southeast Asia, linked more closely to their Chinese networks than their own neighbors."<sup>43</sup> Declarations made by top politicians such as Singapore's foreign minister, George Yeo, do not diminish this trend. Yeo publicly acknowledged that "The idea and ideal of One China" are "deeply embedded in the Chinese mind," and that "[a] Chinese cannot cease being a Chinese."<sup>44</sup> One Malaysian politician also expressed bitter

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<sup>42</sup> AFP News agency, "Mahathir says racial tensions could destabilize Malaysia," *Bangkok Post*, 28 March 2010, <http://www.bangkokpost.com/news/asia/173002/mahathir-says-racial-tensions-could-destabilise-malaysia> (accessed 28 March 2010).

<sup>43</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 109.

<sup>44</sup> Michael Vatikiotis, "In Asia's Chinese diaspora, are loyalties divided?" *The New York Times*, 24 August 2005, <http://www.nytimes.com/2005/08/23/opinion/23iht-edvatic.html> (accessed 9 May 2010).

concerns over China absorbing investments that might otherwise have gone in Southeast Asia when he exclaimed: "The Chinese are an immigrant race, their loyalty is to where the money is."<sup>45</sup> In the same vein, reports surfaced that, in the aftermath of the 1998 troubles in Indonesia, the Chief of the Indonesian Armed Forces summoned thirteen Indonesian-Chinese businessmen to urge them to repatriate funds to Indonesia after \$80 billion in Chinese money had left Indonesia due to understandable fears of further violence.<sup>46</sup>

The issue of blood and ethnic, rather than national, loyalty is also exacerbated by the on-going process of re-sinicization of former Chinese communities encouraged by the PRC through the influence of the new migrants. In an article written for the French Centre for Research on Contemporary China in Hong Kong, Florence Rossetti explains how this process of transformation has occurred in Laos. She suggests that Chinese Lao, who have traditionally maintained a secondary relationship with China due to the harsh repressions they have suffered, have now instead reclaimed a generic Chinese identity based on mastery of Mandarin as well as common Chinese historical, moral, and conceptual references. In doing so, they endeavor to portray themselves as indispensable intermediaries to the new waves of migrants, thereby opening themselves to world affairs.<sup>47</sup> This resurgence of Chinese activism is also noticeably prominent in Indonesia, where more assertive Chinese communities have formed support groups and political parties to defend their rights. When a decade ago "broadcasting or publishing anything in Mandarin or displaying a red lantern could land [one] in jail, Chinese symbols are [now] visible everywhere."<sup>48</sup> Graeme Dobell

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<sup>45</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 111.

<sup>46</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 110,114.

<sup>47</sup> Florence Rossetti, "The Chinese in Laos: Rebirth of the Laotian Chinese Community as Peace Returns to Indochina," *Chinese Perspectives*, no. 13 (September - October 1997), <http://www.cefc.com.hk/pccpa.php?aid=1438> (accessed 9 May 2010).

<sup>48</sup> Honorine, "Chinese and Proud of It," *Newsweek*, 23 August 2008.

observes the same phenomenon in the island states of Melanesia when he evokes waves of "new Chinese" emigrants, "proud sons and daughters of the new China," who foster "a minor version of the creeping sinicization that is taking place in the areas of Indo-China bordering China."<sup>49</sup>

Indigenous resentment and creeping sinicization are not the only factors that threaten the stability of some Southeast countries. The increase of criminality by ethnic Chinese gangs is also an element of great concern because it significantly undermines governments' ability to maintain the rule of law. The phenomenon has grown to such an extent that Southeast Asian authorities seem unable to contain it. One author notes that a new dimension in the Pacific Islands is the surge in crime that has been committed by recent Chinese immigrants since 1990, because "[s]muggling of drugs, weapons and illegal immigrants, money laundering, fraud, extortion, forced prostitution, and other activities" are easy in countries that cannot afford extensive police and other protective services.<sup>50</sup> The Philippines Drug Enforcement Agency director general, Dionisio R. Santiago, underscored the spreading sway of Chinese criminal organizations over Southeast Asia. In his comments on the fact that the Philippines has in recent years become a regional hub for drug syndicates from Hong Kong, Macau and Taiwan, as well as the southern Chinese provinces of Guangdong and Fujian, Santiago said: "In terms of drug trafficking, the Chinese are everywhere."<sup>51</sup> These developments are so worrisome that they preoccupy some governments' leaders. For

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<sup>49</sup> Graeme Dobell, "China and Taiwan in the South Pacific: Diplomatic Chess versus Pacific Political Rugby" (CSCSD Occasional Paper Number 1, The Australian National University, May 2007), 14, [http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_4\\_chapter\\_1.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_4_chapter_1.pdf) (accessed 22 March 2010).

<sup>50</sup> Crocombe, "The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century," 28.

<sup>51</sup> Cristian Segura, "Manila losing its battle with drugs," *Asia Times Online*, 24 March 2010, [http://www.atimes.com/atimes/Southeast\\_Asia/LC24Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/LC24Ae01.html) (accessed 28 March 2010).

instance, the threat of Chinese criminal gangs, and the flow of Chinese “illegals” into Papua New Guinea, has caused several worried but inconclusive debates among that country’s Cabinet.<sup>52</sup> Australian Defense Minister for 2006 to 2007 Brendan Nelson expressed similar concerns when he pointed out the so-called “arc of instability,” which stretches from East Timor through the south-west Pacific states, and claimed that Australia cannot afford these countries “to become havens for transnational crime.”<sup>53</sup>

The convergence of these potentially destabilizing factors—local resentment, Chinese nationalism, and organized crime—could be exploited by the PRC to put additional pressure on Southeast Asian governments. At least one author in particular has pointed out the implications of this scenario becoming a reality:

The concern, of course, is that if states become more forward-leaning in asserting their right to protect their citizens when they are outside their borders, international disputes are sure to follow. That is especially the case when the states in question are rising in both ambition and capacities. It is not difficult to imagine, for instance, circumstances in which a distressing situation involving overseas Chinese somewhere in Southeast Asia escalated into conflict.<sup>54</sup>

The past few years have revealed a tendency on the part of PRC leaders to pressure governments that neglect to protect the rights of its “citizens” within overseas diaspora. In 2005, for example, Chinese officials expressed sharp displeasure over the mistreatment of ethnic Chinese by Malaysian authorities after footage of a naked woman being mistreated by policemen surfaced. This incident prompted the visit of a Malaysian minister to Beijing to apologize officially.<sup>55</sup> In the summer of 2007, the

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<sup>52</sup> Dobell, “China and Taiwan in the South Pacific,” 13.

<sup>53</sup> Dobell, “China and Taiwan in the South Pacific,” 15.

<sup>54</sup> Fullilove, *World Wide Webs: Diasporas and the International System*, 97.

<sup>55</sup> Strait Times, “Malaysia: Woman in nude squat video identified,” *China Daily*, 14 December 2005, [http://www.chinadaily.net/english/doc/2005-12/14/content\\_503302.htm](http://www.chinadaily.net/english/doc/2005-12/14/content_503302.htm) (accessed 28 March 2010).

kidnapping of several Chinese citizens suspected of running a brothel by Islamist militants provoked the PRC into lodging an official complaint with Pakistani authorities. Their complaints likely contributed to Pakistan's decision to finally launch a military operation against the source of the accusations and militants, the Red Mosque in Islamabad.<sup>56</sup> At the same time, three Chinese officials were killed in Peshawar, a suicide bomber attacked a group of Chinese engineers in Baluchistan, and Islamist extremists abducted a Chinese engineer in Pakistan's Swat Valley. The Chinese protested so vehemently to the Pakistani government that the engineer was released unharmed six months later.<sup>57</sup>

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<sup>56</sup> U.S.-China Economic and Security Review Commission. *Report to Congress 2009*, 215. [http://www.uscc.gov/annual\\_report/2009/annual\\_report\\_full\\_09.pdf](http://www.uscc.gov/annual_report/2009/annual_report_full_09.pdf) (accessed 28 March 2010).

<sup>57</sup> U.S.-China Economic and Security Review Commission. *Report to Congress, 2009*, 215.

**Analysis: Are Southeast Asia Host Nations a hindrance or a catalyst  
in the relationship between the PRC and its diaspora?**

The following table summarizes the cost-benefit analysis, from the perspective of the host nation, conducted in this chapter:

**Table 3. Cost/Benefit analysis of Southeast Asia Host Nations' interests**

<b>Host Nations</b>	<b>Costs</b>	<b>Benefits</b>
<b>Dealing with the PRC</b>	<p>With the rise of China's military power, there is a long term risk of seeing the settlement of long-standing quarrels with China solved by the use of force, most probably at their expense.</p> <p>The PRC has the economic power to decide whether to help or undermine other countries' development.</p>	<p>Benefiting from China's tremendous economic growth.</p> <p>Value-free partnership.</p> <p>Beijing is not perceived as a security threat any longer. Bilateral defense cooperation agreements help to stabilize the region.</p>
<b>Dealing with their Chinese diaspora</b>	<p>Disproportionate influence of ethnic Chinese because of their wealth and networks, which can entice them to plot against local governments.</p> <p>Cohesiveness of their society put at risk: resentment by indigenous population; enduring suspicion over ethnic Chinese loyalty reinvigorated by their words and deeds and by the phenomenon of resinicization of former communities; surge of Chinese gangs' criminality.</p> <p>Assertiveness of China that leads it to intervene forcefully in the domestic affairs of the countries which prove unable to protect its diaspora.</p>	<p>Diaspora runs the economy and is key to economic development.</p> <p>Diaspora bridges Host Nations to the PRC thanks to its networks (guanxi). This is essential to bring about economic fallouts and foster cooperation with the PRC.</p>

The remaining question after the preceding analysis relates to whether or not Southeast Asia host nations are a hindrance or a catalyst in the relationship between the PRC and its diaspora.

The sum of the different considerations within this chapter leads to the conclusion that most Southeast Asian states are eager to bandwagon with the PRC in the short term to benefit from China's rocketing economic rise while benefiting from its judgment-free help and its deep concerns for regional stability. Ethnic Chinese are crucial actors in this endeavor because they are not only the main representatives but also the leading architects of their host nations' economies. Their networks are also invaluable assets that foster a mutually beneficial partnership with the PRC. These countries have thus set up policies that actively entice their Chinese diaspora to invest their capital, skills and energy in the development of their host nation

In conspicuously favoring their Chinese communities, they incur serious risks to their domestic stability. The disproportionate influence of ethnic Chinese can have a backlash effect against the countries' rulers. It also puts in serious jeopardy the cohesiveness of their societies. Envy, creeping sinicization, and overwhelming presence of Chinese organized crime feed the grievances of an indigenous population who acutely resent this uneven distribution of power.

They also consciously help China become a hegemonic regional power, hence taking the long term risk of witnessing an emboldened PRC resorting more forcefully to its military instrument of power to solve the long-standing conflicts of the area. Moreover, the ill-treatment of ethnic Chinese communities by an angry mob could serve as a pretext to spark such a scenario. China has indeed proved growingly assertive in its willingness to defend the rights of its diaspora. Its recent words and deeds make it keener on intervening into the domestic affairs of the countries which fail to protect its kin.

To some extent Southeast Asian host nations are prisoners within a vicious spiral. If such nations want to benefit from China's rise, then they have to grant special dispensation to the local engine of that rise: Chinese diasporas. If the leaders of Southeast Asian nations treat Chinese diasporas too favorably, they put the cohesiveness of their country at stake and risk incurring more serious bloodshed between their indigenous people and their Chinese communities in another economic downturn. Additional violence against Chinese communities in Southeast Asia has the potential to risk intervention by a more assertive China to protect its diaspora regardless of the strain that this might cause in the relationship with the host nation. If on the other hand Southeast Asian leaders do not curry favor with Overseas Chinese, their prospect of economic development and growth remains bleak. This too has the potential to trigger resentment and violence by the indigenous population against their wealthier Chinese neighbors and perhaps prompt PRC intervention. Both cases not only considerably weaken host nations' domestic cohesiveness but also increase the risk of having the PRC forcefully intervening in their affairs under the pretext of preservation of its kin.

This leaves the leaders of Southeast Asian countries with two workable, if risky, options. They can fully embrace growth and development by harnessing the Chinese economic locomotive. This growth and development could break the vicious circle by dampening intercommunal friction thanks to the increase in the standard of living of their entire population. Or leaders can mitigate the risks of potential Chinese intervention by appealing to the economic assistance of other powers such as the United States and Australia which are sensitive to the worrisome prospect of an arc of instability being created in Southeast Asia.



Therefore, countries that traditionally do not or are not willing to benefit from Western assistance, with all of its strings and conditions, will certainly continue, such as Malaysia, Myanmar, Indonesia, Thailand, Singapore or numerous Pacific Islands, to hedge their bets on the future by siding with the emerging and promising regional power. They will continue to bolster their cooperation with the PRC by using their Chinese communities as catalysts. Traditional allies of the United States such as the Philippines will probably stay more conservative in their vision of the future and opt to hinder the influential role of their Chinese diaspora to mitigate the risks of domestic instability.

## Chapter 4

### **The People's Republic of China's interests**

Chapter 2 examined the Chinese diaspora and reached the conclusion that although the majority of Southeast Asian ethnic Chinese are unlikely to collaborate with the PRC, numerous individuals and communities have obvious incentives to comply with China's possible demands. In the preceding chapter, on the interests of Southeast Asian nations which play host to Chinese diasporas, such nations are trapped in a vicious spiral that forces them to rely on their Chinese communities to bolster much needed economic cooperation with the PRC. In this chapter, the focus is on the interests of the last of the three actors that have a vote in the process of mobilization of the Chinese diaspora: the PRC itself. The focus here, as in the two previous chapters, is on the costs and benefits of potential courses of action. This chapter weighs the costs and benefits for China in dealing with its diaspora on the one hand and with the host nations on the other. It concludes with an assessment of whether or not the expected gain in engaging its diaspora are worth the potential risks that the PRC could incur.

### **Costs and benefits for the PRC in wooing its diasporas**

#### **The PRC's costs in wooing its diasporas**

Actively wooing its diaspora is not risk-free for the PRC. Its intensive appeal to the 'Chineseness' of Overseas Chinese creates discontent among former generations of migrants whose loyalty is questioned again and who are indiscriminately confused with new migrants. Within host nations, these new migrants and their perceived predatory financial behavior damages local societies. The discontent among former generations of migrants is likely to increase if Beijing proves unwilling to translate its "protection" rhetoric into concrete deeds

for the following reasons: it has the potential to damage its attractive judgment-free approach to international cooperation; it can belie its advocacy for peaceful relationships and, it raises the risk of attacks against its nationals abroad. Beijing's blood-based rhetoric also can create rising nationalism that threatens the credibility of its "Peaceful Rise" policy, reinvigorates its own minorities' ethnic nationalism, and has the potential of backlash against the PRC's ruling party. Furthermore, diasporic communities also foster the formation of a civil society in the PRC which might be tempted to question the legitimacy of the authoritarian rulers. They form the petri dishes in which dissidence and criminality thrive and, conversely, makes their eradication at home more difficult. Each of these points is explored in more detail in this section.

The PRC's active wooing of the 'Chineseness' of its overseas population creates ripples of discontent among former generations of Chinese migrants. The reasons for this discontent are threefold. The first is that the media's abusive use of terms such as "Greater China" or "blood allegiance" reinvigorates their latent hosts' suspicions that every citizen of Chinese origin is loyal to the PRC. Well aware of the catastrophic consequences that such rhetoric carries for ethnic Chinese communities, many voices denounce this overgeneralized perception that does not reflect the reality of Overseas Chinese loyalty.<sup>1</sup> The president of the Malaysian Chinese Association, for example, criticized the editors of both *Time* and *The Economist* magazines for positing a blood linkage between China and ethnic Chinese.<sup>2</sup> The second reason is that the latest waves of Chinese migrants have few considerations for their new environments. These migrants move rather freely in the global economy to take advantage of new opportunities, in the view of Wang Gungwu,

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<sup>1</sup> Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia* (Westport, CT: Praeger Publishing, 2000), 115.

<sup>2</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 115.

and this can have negative effects.<sup>3</sup> For instance, new migrants use their economic might and influence to purchase restaurants, hotels, and shops in Mandalay in Myanmar, thereby displacing out of the market native Burmese who are unable to compete. Such displacement can create resentment not only with the locals, but also among previous generations of Chinese migrants “who see anger indiscriminately stirred up against them” as well.<sup>4</sup> The final reason for discontent is that the surge of criminal activities by Chinese gangs is also an embarrassment to earlier waves of migrants who had managed to integrate into their local communities, as observed in the Pacific Islands.<sup>5</sup> The fact that many Papua New Guineans complain of alleged ties and support between Chinese crime syndicates and the Chinese embassy widely adds to the confusion and cannot result in anything but irritation from the long-established Chinese who had a reputation throughout the Pacific Islands as perhaps the most law-abiding ethnic group.<sup>6</sup>

Another potential cost facing leaders of the PRC relates to the credibility of power. If the PRC proves unable to fulfill its promises to protect ethnic Chinese, which has implicitly arisen from its more assertive posture on the matter during the last decade, then there is a high likelihood of discontent spreading among overseas Chinese populations. Two factors have the potential to hinder PRC actions designed to protect ethnic Chinese.

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<sup>3</sup> Wang Gungwu, “The Study of Chinese Identities in Southeast Asia,” in *Changing Identities of the Southeast Asian Chinese since World War II*, ed. Jennifer W. Cushman and Wang Gungwu (Hong Kong: Hong Kong University Press, 1988), 11-6.

<sup>4</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 114.

<sup>5</sup> Ron Crocombe, “The growing Chinese presence in the region,” *Islands Business*, January 2005, 23.

<sup>6</sup> Ron Crocombe, “The Fourth Wave: Chinese in the Pacific Islands in the Twenty-First Century” (CSCSD Occasional Paper Number 1, The Australian National University, May 2007), 28,

[http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_5\\_chapter\\_2.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_5_chapter_2.pdf), (accessed 10 May 2010).

The first factor is the challenge PRC leaders face in identifying who and where the ethnic Chinese are. This difficulty is particularly significant for nationals who have lived overseas for long periods and whose identity may be changing. As Fullilove notes, “even though [overseas Chinese] may regard themselves as diaspora members, their homeland government is unlikely to know much about their situation.”<sup>7</sup> The Chinese diaspora forms a long-standing and worldwide “heterogeneous composite of Chinese migration groups” in Beijing’s eyes but overseas Chinese may see themselves very differently. In addition, Beijing’s appeal to “Chineseness” among Overseas Chinese is confusing, inasmuch as it indiscriminately encompasses all ethnic Chinese regardless of whether they are PRC nationals, immigrant families who have been in other nations for generations, or those who are citizens of others countries. Determining who is “ethnically Chinese” is indeed not as easy as it sounds. The example mentioned in Chapter 2, of the woman mistreated by the Malayan police, illustrates this point. Ethnicity in some Southeast Asian countries is complicated by the fact that many ethnic Chinese have more local sounding and less ethnic Chinese names. Indeed, after Malaysia had formally apologized to China for the treatment of the woman at the heart of the incident, Hemy Hamisa Abu Hassan Saari, it was later revealed that she was an ethnic Malay Malaysian and not Chinese.<sup>8</sup>

Even if the PRC is able to accurately identify ethnic Chinese, the country lacks the means to ensure their effective protection on a wide scale. Should events reoccur on a scale comparable to that in Indonesia in 1997, in which thousands of Chinese businesses were torched and ethnic Chinese beaten or killed, China would have little ability to stop the

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<sup>7</sup> Michael Fullilove, *World Wide Webs: Diasporas and the International System*, Lowy Institute Paper 22 (Sydney, Australia: Lowy Institute for International Policy, 2008), 97.

<sup>8</sup> Strait Times, “*Malaysia: Woman in nude squat video identified*,” *China Daily*, 14 December 2005, [http://www.chinadaily.net/english/doc/2005-12/14/content\\_503302.htm](http://www.chinadaily.net/english/doc/2005-12/14/content_503302.htm) (accessed 28 March 2010).

bloodshed. The primary reason for this inability to protect its citizens and ethnic kin overseas is that the country, for all of its economic might, still lacks the relative ability to project power in sufficient quality and quantity to conduct timely and sizeable evacuations.<sup>9</sup> This also translates into a lack of capability to send sufficient interposition forces to “help” local security forces halt violence and slaughters as the French armed forces were able to do in Rwanda in 1994.

In addition to these physical difficulties, the PRC may not be willing to translate its rhetoric into concrete actions for a variety of reasons. Such reasons include: potential damage to China’s judgment-free approach to international cooperation which is designed to attract other nations to it; denial of China’s advocacy for peaceful relationships through violation of sovereignty and intervention into other countries; and, an increase in the risk of attacks against its nationals abroad in response to a more muscular Chinese foreign policy. Each time Beijing criticizes or intervenes with another country for mistreatment of ethnic Chinese, its leaders legitimize international condemnation of the country’s human right violations. The domain of human rights is a sensitive one, as Bolt remarks: “Beijing has rebuked international critics against its own policy.”<sup>10</sup> Each time Beijing aggressively upholds the rights of its citizens it jeopardizes the sincerity of the PRC’s “peaceful

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<sup>9</sup> The absence of a true expeditionary logistics capability limits the PLA’s ability to project and sustain military operations at locations distant from the mainland. At best, the PLA Navy’s total amphibious lift capacity has been estimated to be approximately 10,000 troops and equipment at one time. Likewise, if all large transport aircraft in the PLAAF were operational and rigged for parachute drop, China could deliver about 5,000 parachutists in a single lift – less if equipment is carried at the same time. This capability may be enough for the PRC to intervene to protect its diaspora on the condition that such a crisis is isolated. If such dramatic events such as the one that occurred in Indonesia were to happen simultaneously with a crisis with Taiwan, it is most probable that the PRC will not have enough means to allocate to the former event. Data provided by the Department of Defense, *Annual Report to Congress: Military Power of the People’s Republic of China 2009* (Washington, DC: Office of the Secretary of Defense, 2009), 38, [http://www.defense.gov/pubs/pdfs/China\\_Military\\_Power\\_Report\\_2009.pdf](http://www.defense.gov/pubs/pdfs/China_Military_Power_Report_2009.pdf) (accessed 15 May 2010).

<sup>10</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 123.

rise” message. When China urges a foreign government to protect ethnic Chinese and better handle its domestic affairs, as it did in the case of the criticism and pressure which prompted Pakistan’s decision to lay siege to the Red Mosque, the credibility of the PRC’s advocacy for a value-free cooperation, in which partners pay no attention to each other’s business, is severely undermined.

Moreover, by placing too much emphasis on its willingness to protect its kin abroad, China lays itself open to attacks against its nationals abroad by transnational terrorist organizations. While there is no evidence of such a threat in Southeast Asia yet, China’s policy towards its Muslim Uighur population may prompt al-Qaeda to attack or support attacks against Overseas Chinese in response. Such a threat is not mere academic speculation. Following the deadly riots of Xinjiang in July 2009, al-Qaeda issued its first threat against China through one of its affiliates, the Algeria-based al-Qaeda in the Islamic Mahgreb (AQIM). The leaders of AQIM, for example, vowed to attack Chinese workers in North Africa. As a London-based risk analysis firm laconically puts it: “Although AQIM appear to be the first arm of al-Qaeda to officially state they will target Chinese interests, others are likely to follow.”<sup>11</sup>

Frustrating former generations of Chinese migrants’ integration in their host countries and defaulting on Overseas Chinese’s expectations for protection are not the only risks that the PRC face in dealing with its diasporas. Overseas Chinese communities can be both the petri dish in which social risks grow and the medium for their transmission back to China. Nationalism is one threat that can turn against those in the PRC seeking to harness it. The growth of the Internet and its associated information technologies has facilitated the flow of information between diaspora members and their relatives at home. This is important as

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<sup>11</sup> Jane Macartney, “Al-Qaeda vows revenge on China after riots,” *The Times*, 15 July 2009, <http://www.timesonline.co.uk/tol/news/world/asia/article6704812.ece> (accessed 30 March 2010).

such technologies and information can not only make citizens within China more aware of the fate of their compatriots overseas but also of how others countries perceive China's deeds. This awareness gives overseas- and home-based nationalists greater opportunity and more power to vent their anger after particular incidents, especially through the use of Internet.<sup>12</sup> Not only can this nationalistic rhetoric harm China's claim of "peaceful rise," but it can also pose problems for its internal stability. According to the Council on Foreign Relations fellow Jayshree Bajoria suggests, such rhetoric has the potential to reinvigorate ethnic nationalism in regions such as Tibet, Xinjiang, and Taiwan where the PRC works actively to extinguish it.<sup>13</sup> Such a revival of nationalism within China can in turn pose significant problems, for the reason that Bajoria has also identified: "The Chinese leaders also fear nationalism could turn against them in the form of criticism if they fail to deliver on their nationalistic promises."<sup>14</sup>

Another threat to social unrest in China, related to diasporas, is the preferential status that has been given to the relatives of Overseas Chinese and returnees. The privileges which they are provided not only prompt resentment among those who envy their standard of living, but also the power of their overseas networks. They also are exposed to, or perhaps in the eyes of PRC leaders infected by, the democratic values of host nations through interaction with their relatives or because of their

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<sup>12</sup> For instance, the following quote gives a good idea of how some Overseas Chinese manifested their anger on the Internet after the riots of Indonesia in 1998: "The reason I believe why the Chinese people is such an easy target to any racist group is because most Chinese are too soft, avoid speaking out, and hardly put up a 'fight', despite the fact we are the largest group in the world. I come to this conclusion from watching the wild animals on TV. The hunting animals will always pick the easiest victim such as the weakest one (one that never fights back or not able to defend oneself), or a group of victims that never cooperate to fight back or defend themselves." San Diego Chinese Community Website, "The Plight of Chinese in Indonesia," March 1998, <http://www.sandiegochinese.net/htmls/indonesi.htm>.

<sup>13</sup> Jayshree Bajoria, "Nationalism in China," *Newsweek*, 24 April 2008, <http://www.newsweek.com/id/133815/page/1> (accessed 1 April 2010).

<sup>14</sup> Bajoria, "Nationalism in China," *Newsweek*, 24 April 2008.



own experiences. These values may embolden these domestic overseas Chinese to push for the creation of a more open political system at home. As Bolt points out, there is evidence that overseas Chinese's relatives and returnees have "become an independent elite" which "may contribute to the formation of a civil society."<sup>15</sup> Two other scholars echo this point when they write: "As more *Haigui* (Overseas Returnees) with international exposure and experience return, they possess the potential to veer China towards greater openness and tolerance, improve China's capacity to carry out its reforms, and play a dominant role in creating a vibrant environment for the active exchange of ideas and opinions."<sup>16</sup>

The last domestic threat to China comes from those organizations that are persecuted at home. Such organizations can take root or revive within diaspora communities where it costs a great deal of effort for the Chinese government to reach them. The case of the Falun Gong illustrates the ability of a community to regenerate itself abroad. The Falun Gong, which is a movement that blends religion with civil rights, has been increasingly persecuted by Chinese authorities. The persecution was most severe after 1999, when PRC leaders tried to ban Falun Gong's existence after the group sponsored huge demonstrations in front of the CCP headquarters in Beijing.<sup>17</sup> The movement's spiritual leader, Li Hongzhi, was forced to leave China in 1995 and has been so successful in augmenting the number of his followers within the Chinese diaspora that the group has been able to found numerous media-outlets to publicize their cause and criticize the Chinese government. As a consequence of its access to diaspora communities globally, Falun Gong

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<sup>15</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 98.

<sup>16</sup> Mu Yang and Soon Heng Tan, "Haigui (Overseas Returnees) in China's Nation-Building and Modernization," *EAI Background Brief*, No. 315, 15 December 2006, 14, <http://www.eai.nus.edu.sg/BB315.pdf> (accessed 3 April 2010).

<sup>17</sup> David Ownby, Director, Centre d'étude de l'Asie de l'Est, Université de Montréal, « Culture chinoise et diaspora : le choc avec l'Occident, » (lecture, Centre d'Etudes et de Recherche Internationales, Université de Montréal, Canada, 3 July 2006), <http://www.cerium.ca/Culture-chinoise-et-diaspora-le?lang=fr> (accessed 31 March 2010).

has evolved from an internal irritant into a notable and vocal external movement that actively opposes the Communist Party and its policies.<sup>18</sup>

Peaceful movements such as the Falun Gong are not the only ones to profit from access to communities of Overseas Chinese. Chinese criminal organizations gain advantages when they create overseas bases as this allows them to thrive in countries where law enforcement agencies are too weak or preoccupied with other internal matters to oppose them, as already mentioned in Chapter 3. As a result, such criminal organizations have become a serious nuisance to China's security forces. This can prompt Chinese forces to interfere in other countries' internal affairs to help them cut the source of smuggling. As the Philippines Drug Enforcement Agency director general complains, Beijing had to step in because his "country lacks the resources to patrol the coast and these syndicates try to use the opportunity."<sup>19</sup>

### **The PRC's benefits in wooing its diaspora**

Despite these numerous costs, Beijing has much to gain in terms of its strategic objectives by reaching out to its diaspora. As pointed out in Chapter 1, the PRC has been vigorously endeavoring to connect together its various diaspora communities. The active measures pursued by the PRC to do so have been beneficial in two ways: "first in the form of investment and then in the return migration to China of Chinese professionals."<sup>20</sup> Most scholars acknowledge the PRC's success in funneling funds and highly-skilled manpower for the purpose of its

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<sup>18</sup> Kathy Chen, "Chinese Dissidents Take On Beijing Via Media Empire," *The Wall Street Journal*, 15 November 2007, <http://online.wsj.com/article/SB119508926438693540.html> (accessed 1 April 2010).

<sup>19</sup> Cristian Segura, "Manila losing its battle with drugs," *Asia Times Online*, 24 March 2010, [http://www.atimes.com/atimes/Southeast\\_Asia/LC24Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/LC24Ae01.html) (accessed 31 March 2010).

<sup>20</sup> Wang Cangbai, Wong Siu-Lun, and Sun Wenbin. 2006. "Haigui: A New Area in China's Policy toward the Chinese Diaspora?" *Journal of Chinese Overseas*, Vol. 2, no. 2 (2006), 296.

development. These are not the only benefits that accrue to the PRC in dealing with its Southeast Asian diaspora. For example, Jia Qinglin articulated two other compelling reasons in his address at the opening ceremony of the 9th World Chinese Entrepreneur Convention:

- overseas Chinese can be united closely in opposing "Taiwan independence" secessionist activities in any form, and continuously promote personnel, economic and cultural exchanges across the Straits so as to push for an early realization of China's reunification;
- overseas Chinese, while learning from other countries, can carry forward and promote Chinese culture.<sup>21</sup>

Overseas Chinese can also be increasingly useful in spreading Beijing's influence over other countries. They provide Beijing with the foundation of a worldwide human network that can relay Beijing's propaganda, thereby contributing to shaping a more favorable world opinion of China. Lastly, this network can act as informants and help China track and chase down dissident groups abroad. Each of these points is developed further below.

Jia Qinglin's first point above emphasizes the role of overseas Chinese in Beijing's endeavor to isolate Taiwan on the international stage and return it to Chinese control. Beijing has recently stepped up its initiatives both to charm overseas Taiwanese and encourage its own diaspora to cut off overseas Taiwanese influence abroad. For instance, the deputy general of the Foreign Ministry's consular department, Wei Wei, took advantage of the tragic events of the Solomon Islands in 2006 to claim that China would extend its assistance to overseas Taiwanese "with no hesitation if they request consular protection in similar cases in the future."<sup>22</sup> Beijing also seeks to cultivate leading ethnic Chinese

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<sup>21</sup> Xinhua, "Jia Qinglin voices five-point hope for overseas Chinese," Website of the Embassy of the People's Republic of China in Australia, 17 September 2007, <http://au.china-embassy.org/eng/xw/t363128.htm> (accessed 8 May 2010).

<sup>22</sup> Xinhua, "China to offer consular protection to Taiwan compatriots if requested, says diplomat," *People.com*, 29 April 2006,

tycoons, who in turn influence the larger ethnic Chinese community, as part of its Taiwan policy. For example, many Filipino analysts believe that “the influence of pro-Beijing Filipino-Chinese tycoon Lucio Tan has swayed the diaspora community.”<sup>23</sup> The influence of such tycoons can be very real and immediate: “In many cases, they can push the boards of Chinese chambers of commerce to remove pro-Taiwan members and develop closer ties to Beijing.”<sup>24</sup> The example of the tycoons does not go unnoticed in other sections of the diaspora community. For example, overseas Chinese organizations, which are aware of the vast potential of business opportunities with China and the PRC government, have sponsored international meetings specifically to criticize Taiwan. One such meeting took place in 2004. At this meeting, one thousand overseas Chinese held a two-day conference in Bangkok entitled “Global Overseas Chinese Congregation of Anti-Taiwan Independence.”<sup>25</sup>

The second benefit articulated by Qinglin relates to the spreading of Chinese culture. Cultural exchanges are mutually beneficial for both partners. Still, it seems that China’s aggressive promotion of its culture is more beneficial to the sponsor than to its partners. As China’s international status grows and its opening market attracts an increasing numbers of entrepreneurs, Overseas Chinese seem more interested to learn Chinese and secure a better understanding of Chinese culture than other foreigners. Thus, out of the 40-plus million foreigners who learn the mainland’s Chinese simplified characters throughout the world, 36 million are of Chinese origin.<sup>26</sup> Among this vast reservoir, those who will come back to China as returnees will bring back with them not only their

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<http://chineseculture.about.com/gi/dynamic/offsite.htm?site=http://english.people.com.cn/200604/29/eng20060429%5F262013.html> (accessed 10 May 2010).

<sup>23</sup> Joshua Kurlantzick, *Charm offensive* (New Haven, CT: Yale University Press, 2007), 145.

<sup>24</sup> Kurlantzick, *Charm offensive*, 77.

<sup>25</sup> Kurlantzick, *Charm offensive*, 145.

<sup>26</sup> Caroline Puel, “Quand le monde parlera chinois,” *LE POINT SPÉCIAL CHINE*, 25 December 2009, <http://www.lepoint.fr/actualites-monde/2009-12-25/le-point-special-chine-quand-le-monde-parlera-chinois/924/0/408288> (accessed 31 March 2010).

acquired professional skills, but also their knowledge of their host nation's administrative, economic, and cultural environment. Some will serve as economic and political advisors to China's policymakers, allowing the PRC to draw from this resource. Such advisors are indispensable in comprehending and establishing strategies to deal with foreign countries as so many Southeast Asia's ethnic Chinese already have. For instance, former first deputy Singaporean Prime Minister Goh Keng Swee was named as PRC advisor to special economic zones alongside Singaporean members of parliament. In addition, Malaysian tycoon Robert Kuok was involved in discussions with China's President on the appointment of Hong Kong's first chief executive.<sup>27</sup> A significant number of the Chinese Communist Party member cadres are also made up of *Haigui* technocrats. In 2006, these included Minister of Education Zhou Ji, Minister of Science and Technology Xu Guanhua, Minister of National Defense Cao Gangchuan, State Council's Secretary-General Hua Jianmin, and the Governor of the People's Bank of China Zhou Xiaochuan.<sup>28</sup>

If many overseas Chinese originally consider the (re)learning of Chinese culture merely as an inescapable means to link with China's business sphere, it also appears that Beijing manages to reinvigorate their emotional bonds to their motherland and revive their sense of "Chineseness." Despite the fact that individual Chinese often proclaim that their identity lies with Southeast Asia and many assert that assimilation of the ethnic Chinese has already occurred to a great extent, the phenomenon of re-sinicization is not new.<sup>29</sup> In looking across the Chinese experience in Southeast Asia historically, Bolt points out that "when assimilation occurs (even at a substantial level) it is not

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<sup>27</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 75

<sup>28</sup> Mu Yang and Soon Heng Tan, "Haigui (Overseas Returnees) in China's Nation-Building and Modernization," *EAI Background Brief*, No. 315, 15 December 2006, ii, <http://www.eai.nus.edu.sg/BB315.pdf> (accessed 3 April 2010).

<sup>29</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 116.

necessarily permanent...In other words, Chinese stopped considering themselves as Southeast Asians and began thinking of themselves as Chinese.”<sup>30</sup> A Beijing that continues to grow in power and stature regionally and internationally can easily gain supporters among ethnic Chinese communities for whom assimilation may be uncertain.

Many factors (including those already mentioned in Chapter 2), however, conspire together to thwart the process of reintegration of Overseas Chinese into host nation countries. These factors include: difficulties of Chinese in creating bonds outside nonfamilial relationships; a lack of common education with indigenous people because of their sojourner, or traveler, mentality; barriers to intermarriage presented by Islam in Malaysia and Indonesia; and, the current realities of information technology which facilitates the multigenerational links with the mainland.<sup>31</sup> The former Prime Minister of Malaysia, Mahathir bin Mohamad, recognized the failure of Malaysia’s attempt to eradicate the sense of ‘Chineseness’ of its Chinese minority when he enunciated his “Vision 2020.” In this document he suggests that “while a citizen of a nation may associate himself with the country, he would not be readily prepared to give up his culture, religion, or language.”<sup>32</sup>

The strength of this tie was on display for the whole world during the most recent summer Olympic games held in Beijing. One of the cornerstone facilities for those games was the impressive \$150 million structure known as the "Water Cube." This bubble-like structure, which was a marvel of modern engineering and a venue for Olympic swimming

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<sup>30</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 116.

<sup>31</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 116-7.

<sup>32</sup> Lim Kit Siang, National Chairman of Democratic Action Party and former Malaysian Parliamentary Opposition Leader, "Chinese or Malaysian Identity? Issues and Challenges," CSCSD Public Lecture at the Australian National University, 1 May 2000, [http://rspas.anu.edu.au/cscsd/occasional\\_papers/index.php?issue=01](http://rspas.anu.edu.au/cscsd/occasional_papers/index.php?issue=01) (accessed 31 March 2010).

events, was financed entirely by the 40 million members of the worldwide Chinese diaspora. Lie Cho Hui, an Indonesian national in Jakarta, exemplified the strength of this cultural bond experienced by many overseas Chinese by his words and his actions. Hui, who contributed US\$100 in exchange for a certificate from Beijing confirming his donation, said to the press that "Although I am 100 percent Indonesian, I'm very proud of the Games." He went on to add that "After all, I share the same blood with those people, the same culture."<sup>33</sup>

This renewal of Chinese pride also encourages Beijing to achieve its national security objectives indirectly by exploiting the relative power of Overseas Chinese to influence the policy of other states. Nowhere is this more clearly demonstrated than in Thailand. Charoen Pokphand is a Thai agriculture magnate who has maintained robust links with China over the years. Pokphand's pro-Beijing sentiments are well known and he was the first foreign investor in China and demonstrated his loyalty by staying when others pulled their capital out of China after the Tiananmen incident. Most importantly, Pokphand has "advised the Thai government on its relations with China, and reportedly even helped the Chinese government with its overseas lobbying efforts."<sup>34</sup> Another example is Amorn Apithanakoon. Apithanakoon is chairman of Galaxy, one of Thailand's biggest entertainment companies. He conspicuously displays his links with Thailand's royal family and has, in the eyes of some, become "a kind of proxy weapon for Beijing."<sup>35</sup>

Overseas Chinese tycoons are an important but not the only means of influence at the PRC's disposal in Southeast Asia. One other often neglected element is the rocketing number of ethnic Chinese who

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<sup>33</sup> Solenn Honorine, "Chinese and Proud of It: Once a Repressed Minority, Southeast Asia's Chinese Diaspora is Feeling its Roots," *Newsweek*, 23 August 2008, <http://www.newsweek.com/id/154932> (accessed 9 May 2010).

<sup>34</sup> Kurlantzick, *Charm offensive*, 127.

<sup>35</sup> Kurlantzick, *Charm offensive*, 79-80.

hold influential positions in their host nation's commercial and civil institutions as the case of Indonesia suggests. In 1997, Chinese were violently repressed by Indonesians venting their frustrations but ten years later this situation had turned around considerably. By 2008, ethnic Chinese had occupied a number of top positions in government including: the Minister of Trade, the vice governor of West Kalimantan province, about a dozen members of Indonesia's Parliament, and many local mayors. As Natalia Soebagjo, the vice president of the University of Indonesia's Center for Chinese Study, says, this trend is unlikely to reverse any time soon. As a matter of fact, she suggests that the number is more likely to grow in the near future as "political parties have begun approaching Chinese cultural organizations in search of candidates."<sup>36</sup>

In addition to influencing host nation policies through tycoons and commercial and civil institutions, the PRC can derive other benefits from its overseas Chinese population. The renewal of ethnic Chinese's pride for China enables Beijing's efforts to build worldwide intra- and inter-diasporas networks. The surge in the creation of Shetuan and ethnic Chinese student organizations mentioned in Chapter 1 strengthens the view that the PRC encourages closer links between the Chinese overseas established in various countries as well as those between the Chinese overseas and China. For example, the OCAC and the Chinese Association for Overseas Exchanges sponsored the "2003 Get-Together of Organizations of Overseas Chinese and Foreign Citizens of Chinese Origin All Over the World" which brought together representatives of the overseas Chinese organizations from 100 countries and region. Other examples include: the world Chinese Entrepreneurs conventions held every two other years; the Federation of World Hakkas which has held at least fifteen biennial conventions: and, The Gan, Guo, Lin, and Shun

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<sup>36</sup> Honorine, "Chinese and Proud of It: Once a repressed minority, Southeast Asia's Chinese diaspora is feeling its roots," *Newsweek*, 23 August 2008.



Clan Association's international conferences.<sup>37</sup> More specifically, China's plan to network groups and individuals together, entitled "Developing Motherland and Benefiting Overseas Chinese/Assisting Overseas Chinese," explicitly pursues the two goals. As Xiang Biao reports:

The first component aims to promote interaction between traditional Chinese overseas and 'new migrants' on a global scale. Activities of this component include pairing up between Chinese associations in North America and those in Southeast Asia to facilitate their collaboration. The plan also seeks to promote web sites of Chinese associations and plans to hold web-based business and technology fairs among Chinese all over the world. The second component of the programme is to enhance connections between Chinese communities overseas and China.<sup>38</sup>

A growing sense of 'Chineseness' and extensive and strong networking among the diaspora serve to disseminate PRC propaganda as well. By publicly voicing their concerns about the world misperception of China's intents, overseas Chinese contribute to the shaping of their host nation's public opinion, sap the "China threat" theory, and help the PRC shield itself against international criticism. The number of instances underscoring this pro-China activism suggests it has reached its paroxysm in the last two years. The 2008 Olympic torch relay, marked by numerous anti-China protests, prompted rallies by overseas Chinese in support of both their country hosting the Games as well as Beijing's "modernization" policy in Tibet. One of these counter-rallies occurred in Vietnam where, as Reuters reports, young Chinese nationalists coming from China, conspicuously wearing "we love China" and "we are proud to be from China" Beijing 2008 Olympics T-shirts, joined Chinese

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<sup>37</sup> Elena Barabantseva, "The Party-State's Transnational Outreach: Overseas Chinese Policies of the PRC's Central Government." *Greater China Occasional Paper Series*, no. 2, Institute of Chinese and Korean Studies, University of Tübingen (August 2005), 22, <http://www.unituebingen.de/sinologie/sino/gcs/papers/paper2.pdf>. (accessed 16 February 2010) and Bolt, *China and Southeast Asia's Ethnic Chinese*, 31.

<sup>38</sup> Xiang Biao quoted in Emmanuel Ma Mung, "Chinese Migration and China's Foreign Policy in Africa," *Journal of Chinese Overseas*, Volume 4, Number 1, May 2008, [http://muse.jhu.edu/journals/journal\\_of\\_chinese\\_overseas/v004/4.1.mung.html#b42](http://muse.jhu.edu/journals/journal_of_chinese_overseas/v004/4.1.mung.html#b42) (accessed 31 March 2010).

Vietnamese in shouting "Go China" or "Come on China" as the torch passed.<sup>39</sup> Another illustration of pro-China activism relates to the July 2009 riots in Urumqi that left 184 people dead and 1,680 people injured. Whereas worldwide media voiced its indignation of China's heavy-handed response, numerous Overseas Chinese associations blamed Uighur terrorists for committing atrocious violence. For example, the director-general of the Hakka Association of Thailand reportedly said that the "Chinese people in Thailand [felt] extremely shocked and angered by the violent incident caused by 'Xinjiang independence' activists and terrorists because they have damaged not only the interests of one ethnic group, but the common interests of the 56 ethnic groups in China."<sup>40</sup>

The last way in which Beijing has mobilized its diaspora in Southeast Asia has been for the struggle against dissident groups such as the Falun Gong. Special teams of Chinese officials have been exclusively dedicated to the task of pushing Overseas Chinese to discredit the activities of the Falun Gong within their own communities. For instance, the Chinese Consulate-General in Sydney set up one of this team, called the "Special Group for Struggling against the Falun Gong." Among the six members of this team, one was specifically in charge of the involvement of Overseas Chinese communities in this struggle. He was specifically tasked with:

1. Distributing anti-Falun Gong materials to Chinese associations; pushing overseas Chinese to hold anti-Falun Gong forums, news briefings, or to make declarations and fact-rectification announcements, etc.;
2. Pushing overseas Chinese to write letters to the State and local governments, and to the parliament, to criticize Falun Gong;

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<sup>39</sup> Grant McCool, "Chinese cheer Olympic torch in peaceful Vietnam relay," *Reuters*, 29 April 2008.

<sup>40</sup> *People's Daily Online*, "Overseas Chinese condemn violent crimes in Urumqi," 14 July 2009, <http://english.peopledaily.com.cn/90001/90776/90882/6700293.html> (accessed 31 March 2010).

3. If practical, in some special days, organizing overseas Chinese to engage in eyeball-to-eyeball fights with Falun Gong; and
4. Gathering information through the channel of Overseas Chinese about Falun Gong, including law-violating cases or family-damaging cases involving Falun Gong.<sup>41</sup>

## **Costs and benefits for the PRC in dealing with the Host Nations**

### **The PRC's benefits in dealing with the Host Nations**

Beijing's policy of cooperation with Southeast Asian states has proven to be a successful one. Such cooperation has reassured China's neighbors about its nonaggressive intentions, and maximized its development opportunities. Cooperation with neighboring states has also ensured a relatively stable regional environment, while further isolating Taiwan and countering what Chinese leaders perceive to be America's containment strategy.

China's endeavor to instill confidence in cooperation has strengthened the general perception in Southeast Asia that China is not a security threat. Its success in reinforcing the message that "Chinese intentions are largely nonaggressive" derives from the fact that China "has played a rather constructive role in the region in recent decades."<sup>42</sup> It has stopped supporting communist insurgencies, refused to devalue its currency during the severe Asian economic crisis of the 1990s to notably help Thailand and Indonesia, and fostered numerous diplomatic and security-building initiatives to improve the tackling of many of the common security issues mentioned in the previous chapter. Moreover, many states are also aware that the Chinese government faces a number

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<sup>41</sup> House, The Profiles of the Members in the Special Group for Struggling against the Falun Gong (the Chinese Consulate-General in Sydney): Hearings before the Committee on International Relations, 109<sup>th</sup> Cong., 1<sup>st</sup> sess., 2005, Appendix 1, [http://commdocs.house.gov/committees/intlrel/hfa22579.000/hfa22579\\_OT.HTM](http://commdocs.house.gov/committees/intlrel/hfa22579.000/hfa22579_OT.HTM) (accessed 10 May 2010).

<sup>42</sup> Carolyn W. Pumphrey, ed., *The Rise of China in Asia: Security implications* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, January 2002), 7.

of quite serious domestic problems: increasing demographic pressures, galloping urbanization, wide scale pollution, water shortages, strained ethnic and religious minorities, and social unrest among the labor class. Southeast Asian leaders fully appreciate the interconnectedness of China's internal and external security and they reason that the PRC would definitely be ill-advised to alienate its neighbors by inappropriately flexing its muscles, at least in the mid-term.<sup>43</sup>

Downplaying the "China Threat" theory has set the stage for the advancement of Beijing's chief goal: ensuring its own sovereignty and stability while seizing the current "strategic window" opportunity to maximize its economic development in the region. The net effect, as Susan Craig writes, is that "the country is more stable and secure than at any time in the country's history."<sup>44</sup> The fact that China's neighbors are willing to cooperate to achieve regional stability has been outlined in detail in the preceding chapter. This spirit of cooperation dramatically benefits to the PRC, as expressed by a member of China's influential elite:

Many hotspot problems are located close to China, and the variables in China's peripheral environment have increased. Objectively speaking, at present there is no threat to China of large-scale invasion by an external enemy, nor will China easily become involved in conflicts and disputes in its peripheral regions, hence, China's security environment can in general be described as relatively good.<sup>45</sup>

This "good" security environment has set the conditions for the reinforcement of its economic presence in the region. China has managed to ensure export of its manufactured products to ASEAN

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<sup>43</sup> Pumphrey, *The Rise of China in Asia: Security implications*, 8.

<sup>44</sup> Susan Craig, "Chinese Perceptions of Traditional and Nontraditional Security Threats," Strategic Studies Institute, U.S. Army War College, March 2007, 15, <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=765> (accessed 2 April 2010).

<sup>45</sup> Craig, "Chinese Perceptions of Traditional and Nontraditional Security Threats," Strategic Studies Institute, U.S. Army War College, March 2007, 15.

markets, which previously only accounted for eight per cent of China's total exports, by creating the world's largest FTA (for details see Chapter 3). According to Chinese economist Angang Hu, this achievement is the central piece of a plan aiming at fully integrating China into the global economy as the "center of the world's manufacturing industry," especially in the context of growing protectionist sentiments in the United States and the European Union.<sup>46</sup> China has also secured access in the area to raw resources that are critical to its development, which makes it less subject to the control of sea lanes of communication by the United States should conflict between Washington and Beijing break out.<sup>47</sup> For instance, Indonesia and Malaysia supply oil to China, Malaysia provides rubber and tin, and the Philippines supplies palm oil and a variety of metals.<sup>48</sup>

By strengthening its relations with Southeast Asian nations, the PRC also manages to further its goal of isolating Taiwan on the international stage. Since 1998 Cambodia, Indonesia, the Philippines, and Malaysia successively severed their informal ties with Taiwan as a result of pressure from Beijing to support its "One China" policy.<sup>49</sup> Not all of China's efforts have resulted in diplomatic, non-violent outcomes. For example, one scholar suggests that the 2006 riots in Solomon Islands and Fiji discussed in Chapter 2 reflect a "diplomatic war" being waged in the Pacific Islands. Whereas Taiwan struggles to preserve its "international space," the PRC, which "has more diplomatic staff than any other nation in the Islands," strives to deprive it of its six diplomatic

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<sup>46</sup> Walden Bello, "China lassoes its neighbors," *Asia Times Online*, 12 March 2010, [http://www.atimes.com/atimes/China\\_Business/LC12Cb01.html](http://www.atimes.com/atimes/China_Business/LC12Cb01.html) (accessed 2 April 2010).

<sup>47</sup> Kurlantzick, *Charm offensive*, 40-1.

<sup>48</sup> Bello, "China lassoes its neighbors," *Asia Times Online*, 12 March 2010.

<sup>49</sup> Kurlantzick, *Charm offensive*, 143-4.

flags in the South Pacific and seeks to “prevail through a combination of coercive diplomacy and economic inducements.”<sup>50</sup>

The PRC’s more overt attempts at influence in the Pacific Islands is also the manifestation of China’s attempt to counter what it perceives to be a containment strategy by the United States. Beijing has been able to leverage its soft power to extend its regional influence while avoiding a direct clash with the superpower by taking advantage of Southeast Asia countries’ general perception of a diminished United States role in the region. As a senior ASEAN official duly admitted, “[t]he whole objective of [China’s] policy is to avoid strategic encirclement by the United States.”<sup>51</sup> The best acknowledgement of the success of China’s policy comes from US Secretary of State Hillary Clinton’s 2010 speech in Honolulu. In this speech, Mrs. Clinton felt strongly obligated to reaffirm America’s commitment to the Asia-Pacific region: “I don’t think there is any doubt, if there was when this administration began, that the United States is *back* in Asia, but I want to underscore we are *back* to stay [emphasis added].”<sup>52</sup>

### **The PRC’s costs in dealing with the Host Nations**

The very success of Beijing’s harnessing of its diaspora entails two main costs. First, eroding the influence of the U.S. in the area proves difficult because many Southeast Asia nations are eager to balance the uncertainties China’s rise generates by supporting America’s strong influence in the region. Second, China’s diplomacy, which focuses only

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<sup>50</sup> Graeme Dobell, “China and Taiwan in the South Pacific: Diplomatic Chess versus Pacific Political Rugby” (CSCSD Occasional Paper Number 1, The Australian National University, May 2007), 27 and Paul Monk quoted in Dobell, “China and Taiwan in the South Pacific,” 21.

<sup>51</sup> Murray Hiebert and Michael Vatikiotis, “How China is Building an Empire,” *Far Eastern Economic Review*, 20 November 2003, 31.

<sup>52</sup> Secretary of State Hillary Rodham Clinton, “Remarks on Regional Architecture in Asia: Principles and Priorities,” Imin Center-Jefferson Hall, Honolulu, Hawaii, 12 January 2010, <http://www.state.gov/secretary/rm/2010/01/135090.htm> (accessed 2 April 2010).

on common grounds, is increasingly dissatisfying for the nationalistic segment of its population who are less inclined to accept cooperation and compromise as China's power and perceived influence continue to grow.

Despite the fact that "the balance of influence is tipping toward Beijing" thanks to "more diplomatic engagement with other Asian countries, skillful use of commercial diplomacy, and a more welcoming approach to participation in regional institutions," Beijing's attempts to erode U.S. influence in Southeast Asia have not been successful.<sup>53</sup> Robert Sutter argues that, although Washington's image has faded in recent years, its influence in the region has not declined, because its "ability and willingness to serve as Asia's security guarantor and its vital economic partner remain strong and provide a solid foundation for continued US leadership in the region."<sup>54</sup> Even if "[m]ost East Asian officials and defense intellectuals now see China as a status quo power, at least for the foreseeable future," the leaders of Southeast Asian countries have been pragmatic by hedging their bets and balancing between Chinese and American influences.<sup>55</sup> Their hedging, which results from skepticism over China's long-term policy, leads the leaders of Southeast Asian countries "to cooperate increasingly with China in areas of common concern, but they work increasingly in other ways, often including efforts to strengthen relations with the United States, to preserve freedom of action and other interests in the face [of] China's rise."<sup>56</sup> Beijing has also met with limited success in its efforts to weaken

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<sup>53</sup> Ellen L. Frost, James J. Przystup, and Phillip C. Saunders, "China's Rising Influence in Asia: Implications for US Policy," *Strategic Forum*, no. 231, April 2008, 1, <http://www.ndu.edu/inss/Strforum/SF231/SF231.pdf> (accessed 3 April 2010).

<sup>54</sup> Robert G. Sutter, "Does China Seek to Dominate Asia and Reduce US influence as a Regional Power?" Paper for fifth in series "Reframing China Policy: The Carnegie Debates," sponsored by the Carnegie Endowment for International Peace, 20 April 2007, 6, [http://www.carnegieendowment.org/files/Sutter\\_paper.pdf](http://www.carnegieendowment.org/files/Sutter_paper.pdf) (accessed 2 April 2010).

<sup>55</sup> Frost et al., "China's Rising Influence in Asia: Implications for US Policy," *Strategic Forum*, April 2008, 1.

<sup>56</sup> Sutter, "Does China Seek to Dominate Asia and Reduce US influence as a Regional Power?" 9.

the relationship between Taiwan and the United States. This relationship has been more resilient than Beijing anticipated primarily as a result of the strong linkages between Taiwan and influential members of the United States Congress.<sup>57</sup>

The second main cost is even more problematic for Beijing. While China's "win-win diplomacy" receives great publicity by focusing on common ground, it does little to resolve salient and often sticky issues. More pointedly, the policies of compromise and cooperation run contrary to expectations of domestic nationalists. Such nationalists add domestic pressure to the already burdened ruling party. Le Yucheng, director-general of the Policy Planning Department of the Ministry of Foreign Affairs, articulated this view when he said that "the Chinese people are expecting more from China's diplomacy," deeming "that China's diplomacy is not forceful enough."<sup>58</sup> Of all of China's policy issues most prone to spark nationalist outburst, Taiwan is the one with the most potential to threaten both the stability of the entire area and the legitimacy of the CCP. After the US announced its planned \$6.4 billion arms package for Taiwan in late January 2010, Zhu Chenghu, a Major General at China's National Defence University, suggested that Beijing should send strong signals to Washington. Zhu, who already stirred controversy in 2005 by suggesting China could use nuclear weapons if the United States intervened militarily in a conflict over Taiwan, called for the Chinese national parliament to significantly increase defense spending.<sup>59</sup> Major General Luo Yuan, a researcher at the Academy of

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<sup>57</sup> Michael D. Swaine and Ashley J. Tellis, *Interpreting China's Grand Strategy: Past, Present, and Future*, (Santa Monica, CA: RAND, 2000), 116.

<sup>58</sup> Report by Duan Congcong, "Chinese Diplomacy To Reach New Heights," *Global Times Online*, 05 January 2010, [https://www.opensource.gov/portal/server.pt/gateway/PTARGS\\_0\\_0\\_246\\_203\\_121123\\_43/content/Display/11448109?highlightQuery=eJzT8A9zDQp2dQxWcPRzUXD28PRzDXbVBABDogXM&fileSize=17682](https://www.opensource.gov/portal/server.pt/gateway/PTARGS_0_0_246_203_121123_43/content/Display/11448109?highlightQuery=eJzT8A9zDQp2dQxWcPRzUXD28PRzDXbVBABDogXM&fileSize=17682) (accessed 20 December 2009).

<sup>59</sup> Chris Buckley, "China PLA officers urge economic punch against U.S." *Reuters*, 9 February 2010, <http://www.reuters.com/article/idUSTRE6183KG20100209> (accessed 2 April 2010).



Military Sciences, called for a broader response: "Our retaliation should not be restricted to merely military matters, and we should adopt a strategic package of counter-punches covering politics, military affairs, diplomacy and economics to treat both the symptoms and root cause of this disease." This is necessary, in Luo's estimation, because China's attitude "will be increasingly tough" given "That [it] is inevitable with rising national strength."<sup>60</sup>

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<sup>60</sup> Buckley, "China PLA officers urge economic punch against U.S." *Reuters*, 9 February 2010.

**Analysis: Is the expected gain of harnessing its diaspora worth the potential pain for the PRC?**

The assessment conducted in the preceding pages of this chapter can be summarized as follows:

**Table 4. Cost/Benefit analysis of the PRC's interests**

<b>PRC</b>	<b>Costs</b>	<b>Benefits</b>
<b>Dealing with its diaspora</b>	<p>The PRC's active stance in wooing its new migrants exacerbates the salience of ethnic Chinese's loyalty issue and creates ripples of discontent among former generations of Chinese migrants.</p> <p>Beijing might be unable to fulfill its promise of protection of its diaspora, thereby increasing their discontent.</p> <p>Translating "Protection" rhetoric into concrete deeds damages Beijing's attractive judgment-free approach to international cooperation, belies its advocacy for peaceful relationships, and raises the risk of attacks against its nationals abroad.</p> <p>Rise of nationalism threatens China's "peaceful Rise" rhetoric, reinvigorates minorities' ethnic nationalism and can destabilize the ruling party.</p> <p>Overseas Chinese's relatives and returnees form independent elite that contribute to the shaping of a civil society.</p> <p>Groups considered as social threats to the PRC thrive within diasporas.</p>	<p>Contributes broadly to the modernization of China through FDI, remittances, and acquired knowledge.</p> <p>Helps oppose Taiwan secessionist activities.</p> <p>Helps influence host nations' policy.</p> <p>Fosters a better understanding by China of the rest of the world.</p> <p>Helps reinvigorate overseas Chinese's emotional bonds to their motherland.</p> <p>Enables Beijing to build worldwide networks.</p> <p>Overseas Chinese serve as propaganda relays that contribute to the shaping of their host nation's public opinion, sap the "China threat" theory, and help the PRC shields itself against international criticism.</p> <p>Helps in its struggle against dissident groups abroad.</p>
<b>Dealing with the Host Nations</b>	<p>Host nations' pragmatic hedging policy makes the erosion of America's strong influence difficult.</p>	<p>Downplays the "China Threat" theory.</p> <p>Furtheres its all-around development without endangering its own</p>

	China's "win-win diplomacy" does little to resolve salient issues, which increases nationalistic pressures at home.	sovereignty and stability.  Furthers the goal of isolating Taiwan.  Helps to counter America's containment strategy.
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The question which remains is whether or the expected gains, or benefits for the PRC in harnessing its diaspora in Southeast Asia, are worth the potential pain or negative consequences.

As this chapter has demonstrated, the PRC has much to gain by reaching out to its diaspora. First and foremost, Beijing has reinforced strategic gains obtained by its policy of cooperating with its neighbors. The PRC has realized the additional advantages of using its diaspora to funnel funds, skills and knowledge that are essential to its development, as well as shape the stable regional environment. Overseas Chinese also prove to be increasingly useful opposing Taiwan secessionist activities, chasing down dissident groups abroad, and spreading Beijing's propaganda. Beijing is able to rely on specific individuals to influence the policy of some Southeast Asian nations and can rely on overseas Chinese organizations to further its own agenda. It benefits from the accumulation of numerous individual voices that shield it against criticism, support its policy, and contribute overall to shaping world public opinion more favorably for China. Beijing also actively endeavors to build and expand its worldwide network of influential individuals and organizations.

These economic and political benefits come at potential and numerous social costs for the PRC. Actively engaging the diaspora, through a generation of younger, politically reliable migrants, creates discontent among the former generations of migrants whose loyalty is questioned yet again. In addition, the older generation of migrants is

indiscriminately confused with the new migrants, whose predatory economic and political practices also negatively influence local host nation societies. Diasporic communities form the petri dishes in which dissidence and criminality thrive, rendering their eradication more difficult at home. They also foster the formation of a civil society in the PRC which has the potential to question the legitimacy of the authoritarian rulers. Above all, Beijing cannot prevent the rise of nationalism at home as well as abroad, which can discredit its “Peaceful Rise” policy and has the potential to seriously affect the regime if it proves too soft in the exercise of its diplomacy or too weak to live up to the expectations for protection of its diaspora.

The dilemma for the PRC in utilizing its diaspora in Southeast Asia is to balance the short-term and immediately visible strategic gains against the long-term social risks and costs. The PRC has already achieved some success in achieving its strategic priorities by leveraging its diaspora. For example, the PRC seeks to ensure regional stability and maximize its economic development opportunities during the 2000-2020 strategic window of opportunity. In contrast to these palpable short-term strategic gains, the potential social pains rest on more elusive long-term concerns that may or may not come to pass. Given that the PRC has only one decade remaining in its self-identified strategic window of opportunity, the PRC seems likely to expand its use of its diaspora in Southeast Asia to obtain all the benefits it can. The potential risks to this approach, in the form of increased domestic pressure, are not of immediate concern. The leaders of the PRC seem to believe that such issues can and will be addressed later. The hope underpinning this belief is that the PRC will be in a better position economically and militarily to deal with them.

## Conclusion

This concluding chapter brings together the findings of the previous chapters to establish whether the PRC can look beyond its initial aim of funneling funds and highly skilled manpower and use its diaspora as a tool to further its strategic goals in Southeast Asia. In other words, do the interests of each of the three actors—the diaspora, the host nations, and the PRC—converge sufficiently to let the Chinese diaspora become an instrument of power in the hands of the PRC? The cost-benefit analyses in this thesis argued that the PRC has strong reasons to harness its diaspora and that many Southeast Asian nations encourage this process because it fosters regional stability and economic development. Yet, Overseas Chinese communities are unlikely to cooperate fully or comprehensively with the PRC because they are wary of the PRC's behavior in the past and probably do not want to risk losing their life-long accomplishments and positions of influence in the host nations by calling their loyalty into question. One can conclude that the potential of a massive mobilization of ethnic Chinese living in Southeast Asia, by the PRC to achieve its national security ambitions, will remain unrealized for the foreseeable future.

If Beijing cannot expect to mobilize shadowy armies of ethnic Chinese to further its strategic interests, there is huge potential to expand its influence through the active cooperation of a growing numbers of influential individuals, organizations, and communities. There are two main reasons that lead to this conclusion. First, the PRC's growing economic and military power allows it to better convince those in the diaspora that it is genuinely concerned about protecting its "blood" overseas. In doing so, Beijing will dampen the pressure hostile host communities put on the willingness of ethnic Chinese if they cooperate

openly with the PRC. Several clues exist that might persuade Overseas Chinese that the PRC is actually willing to protect them from persecution. Ill-treatment of its kin is what first sparked the interest of the PRC's people for the Overseas Chinese. The fact that China has not always fulfilled its obligations to protect its citizens abroad was more the reflection of rational foreign policy calculus than an absence of concern about their fate. The relationship between the PRC and its diaspora currently may have broken the historical pattern identified by Wang Gungwu. Instead of the usual "Weak China-Strong appeal to Overseas Chinese"- "Strong China-Weak appeal to Overseas Chinese," the relationship is now characterized as : "Strong China-Strong appeal to Overseas Chinese."

One of the most important characteristics of this new phase is that the PRC has forcefully voiced its concern about the mistreatment of its kin and has implemented several rescue operations despite its usual policy of non-intervention into other countries' domestic affairs. This significant change in Beijing's behavior toward its diaspora might convince host nations to maintain the well-being of their Chinese communities more vigilantly and rein in their own citizens who make Overseas Chinese the scapegoats for any and all problems. In addition, more Overseas Chinese may have confidence that the PRC is genuinely concerned for their safety and welfare and prompt them to reconnect more tightly with their homeland. Ethnic Chinese communities in Southeast Asia which are regularly abused, such as those in Indonesia or in the Pacific island states, could be forced to serve Beijing's interests in exchange for economic benefits and sovereignty guarantees.

The second reason why the PRC might seek more active cooperation from Overseas Chinese in Southeast Asia rests on the evidence that Beijing is actively building a worldwide network of its diaspora communities. Historically, China used to identify specific high-

value targets within the diaspora communities, such as wealthy merchants, in order to get them to reinvest their profits in China. Today, the PRC encourages ethnic Chinese tycoons to contribute directly to its economic development. More disturbingly, the PRC counts on such tycoons, the "new migrants," and Shetuan leaders to use their influence to restore emotional bonds between Overseas Chinese and their motherland. Even if it is actually impossible to assess or even guess the extent of this reach, such influence has already allowed Beijing to lay the foundations for the creation of an expandable worldwide network that binds the different diasporic communities together and to the PRC. Given that the Chinese have a deep culture of *guanxi*, that the number of overseas Chinese reaching influential positions abroad is increasing, and that the rising number of highly-educated returnees provides PRC leaders with a reservoir of expertise from which to draw to improve their understanding of other countries' policy drivers, the implications and potential mobilization of a strong worldwide network certainly opens interesting future policy options for Beijing.

Even if there is no indication that Beijing's worldwide network of influential individuals and organizations can be more than the sum of a collection of different individual agendas, much less centrally controlled as a servile instrument of power, its potential is nevertheless frightening. At a minimum, such a network could allow the PRC to expand on its current familiar practices such as: leveraging tycoons or other powerful personages to influence the policy of some countries; enticing overseas Chinese organizations to defend or actively further Beijing's political agenda; appealing to overseas Chinese in general to voice their disagreement with the Western-backed "China Threat" theory; and, publicly express their support of China's domestic and foreign policies.

As formidable as such a tool of national interest might first appear, such networks of diasporas are likely a double-edged sword for

the PRC for the foreseeable future. The danger of such networks is that, rather than serving the goals of China's leaders by channeling their orders from the top down, they may instead become a powerful instrument in the hands of skilful Chinese overseas- or home-based nationalists. Networks founded on a combination of business and emotional appeals could create and disseminate rapidly and globally nationalistic rhetoric that harms Beijing's policy of "Peaceful Rise." In addition, Beijing may be required to act forcefully to quash growing nationalist expressions and threats to its authority in order to maintain its power and legitimacy.

A major weakness and indeed the central irony of Beijing's "Peaceful Rise" policy and its seductive approach to its diaspora share is that they foster the rise of a spiteful Chinese nationalism eager to avenge the humiliations of the last centuries. China's "win-win diplomacy" has done little to resolve salient long-standing issues with its neighbors and its advocacy for compromise may be unacceptable to influential individuals and communities as its economic and political power continues to grow. Globalization and information technologies allow diaspora members and their relatives at home to share information almost instantaneously, allowing the Chinese people to become more aware of the fate of their compatriots and criticisms from its critics in other countries. Most dangerous of all to the PRC in these conditions is a likely situation where the bond between diaspora and China, founded in the belief that the country will protect its citizens, is broken by an unwillingness or inability to act. Certainly, China's "protection" rhetoric is a risky gamble, because the PRC actually lacks the means to do so. In addition, Beijing in all likelihood lacks the will to intervene forcefully if required, as this would threaten the basis for the PRC's attractive judgment-free approach to international cooperation, belie its advocacy



for peaceful relationships, and seriously raise the risk of attacks against its nationals abroad.

In sum, there is little doubt that the connecting more closely to its Southeast Asian diaspora largely outweighs the costs incurred thus far and will likely continue if Beijing can check the rise of Chinese nationalism. On the other hand, if nationalist movements gain power and influence too quickly, Beijing's leaders will probably deem it necessary to give some leeway to their bellicosity to ensure their top priority—survival of the regime. Such leeway will undoubtedly signify the end of the “Peaceful Rise” policy and the closure of Beijing's self-identified strategic window of opportunity. If such a scenario occurs, nothing indicates as of this writing that the creation of a strong worldwide diaspora network is detrimental to Beijing's interests. On the contrary, because nationalism will become a driver rather of a hindrance of this “new era” policy, and because it is fair to assume that Beijing will probably be powerful enough military and economically to protect its kinship abroad when it happens, there are good reasons to believe that such a tool will prove even more effective in the furtherance of the PRC's agenda.

### **Recommendations**

There are a number of implications for the United States with respect to the continuing growth and development of networks of Chinese diasporas. These implications can be summarized in the following questions: Does the building of a worldwide network of ethnic Chinese threaten US interests in Southeast Asia or elsewhere in the world? Should the US be wary of its own Chinese-American communities? What would be the consequences for the US and the rest of the world if this network proved to be an instrument of power in the hands of hardcore Chinese nationalists? Should the US endeavor to

counter Beijing's efforts or should it be assumed that the Chinese diaspora plays only a minor role in the impressive rise of China?

Trying to answer these questions now is to set oneself up for failure because of the current lack of data on the subject of the Chinese diaspora, because of the sheer heterogeneity of ethnic Chinese communities, and because it is extremely difficult to measure notions such as connectedness, emotional bonds, or potential. In addition, the original assumption that the conclusions reached by studying Southeast Asian Chinese diasporas could be expanded to the rest of the world is incorrect. It is incorrect because of the very biased situation in which Southeast Asian host nations find themselves in regards to China. The following facts contribute to this biased situation: the economic development of Southeast Asian host nations is tightly dependent upon the PRC's; regional stability is at stake in their relationship with China; and, geographic proximity to the PRC make the leaders of such countries particularly sensitive to Beijing's concerns about the protection of its kin.

The sum of these facts considerably constrains the perspectives and options of these states. As noted earlier, the host nations of Southeast Asia are trapped in a vicious circle that leaves them with few choices other than promoting the connectedness of their Chinese communities to Beijing. Added to this is the fact that many of the Southeast Asian Chinese communities exert significant influence, economically and politically, within their host nations. These considerations do not apply to other nations in the world which probably feel less constrained to encourage the establishment of a robust relationship between their Chinese minorities and the PRC. Because host nations' support is an important factor in the PRC's ability to mobilize part of its diaspora, most of the countries that lie outside of Beijing's direct sphere of influence can impede its efforts without undue risk.

There the significant recommendation that one can provide to US decision-makers is that more research is needed on the role of Chinese diaspora as an instrument of power in three areas specifically. The first area of study should focus on the interplay between Chinese "new migrants" and the former communities of Chinese-Americans. More precisely, do "new migrants" act as catalyst for the revival of Chineseness, as they do in Southeast Asia, or does the process work the other way around? For example, do Chinese-Americans confer their democratic values to these waves of temporary migrants who return to China? The second area of study concerns parts of the world where Chinese and American interests can collide especially over access to the initial source of continued economic growth: natural resources. For instance, how important is the role of the Chinese diaspora in Africa? Is it only a labor force or does it explicitly serve as a relay for the PRC to influence African decision-makers? To which extent is the African Chinese diaspora sensitive to insecurity? What can/should the recently established US Africa Command (USAFRICOM) do about that? The final area of focus should be the role of the Chinese diaspora in the rise of Chinese nationalism. What does history tell us about the role of networks in the rise of nationalism elsewhere? How do such lessons apply (if at all) to a potentially robust network of strongly motivated ethnic Chinese nationalists? How would such a network interplay with the rest of the Chinese diaspora? Undoubtedly, this list of questions is far from being exhaustive. More research will get us closer to the truth.

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## APPENDIX

### **Overseas Chinese history From the Ming dynasty to the Y2K**

#### **Despised offenders**

Until the second half of the 19<sup>th</sup> century, Chinese authorities had ignored or more often rejected Chinese subjects living abroad. During the Ming dynasty (1368-1644), for example, Overseas Chinese were often depicted as criminals and deserters. Under the Qing (1644-1912) Emperors' reigns, they were first likened to rebels, conspirators, or traitors working for the anti-Manchu resistance.<sup>61</sup> In succeeding centuries the process of sinicization led to the spread of Confucian thought, including within it paternalistic and moralistic values such as: "Do not travel afar when your parents are alive."<sup>62</sup> Emigration was therefore interpreted as a lack of filial piety.<sup>63</sup> Merchants who sought business opportunities away from the kingdom were viewed as favoring their own happiness, defecting from their duty with respect to their forefathers, family, and country, and supporting domestic rebellions. This pejorative connotation was reinforced during the first half of the 19<sup>th</sup> century when overseas Chinese, such as the *compradores*, helped the British trade opium and favored economically or militarily the establishment of Westerners in the kingdom.<sup>64</sup>

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<sup>61</sup> Hélène Le Bail and Wei Shen, "Le retour des "cerveaux" en Chine: quel impact socio-politique?" *Asie.Visions*, no. 11, IFRI (November 2008), 5.  
<http://www.ifri.org/downloads/AV11.pdf> (accessed 18 February 2010).

<sup>62</sup> Confucius, quoted in Indian Ministry of External Affairs, *Report of the High Level Committee on the Indian Diaspora*, Report to the Prime Minister of India, New Delhi, 8 January 2002, 306.

<sup>63</sup> Bail and Shen, "Le retour des "cerveaux" en Chine: quel impact socio-politique?" 5.

<sup>64</sup> *Compradores* were Chinese-born agents formerly employed by a foreign business to serve as a collaborator or intermediary in commercial transactions. Mentioned in Marie-Claire Bergère, *L'âge d'or de la bourgeoisie chinoise 1911-1937*, (Paris, France : Flammarion, 1986), 46.



### **Akin to slaves, overseas Coolies awake motherland's empathy**

Despite its negative domestic social connotation, massive emigration nevertheless occurred during the second half of the 19<sup>th</sup> century. A series of natural disasters, including mass poverty, the defeat in 1842 by the United Kingdom in the First Opium War, the Taiping Rebellion, and depredations of the colonial powers, led to more than two million Chinese laborers fleeing the country. These laborers, derisively labeled as “Coolies,” appeared not only in large numbers in neighboring Southeast Asian countries but also in the Americas, Australia, and Africa.<sup>65</sup> This flood of Chinese labor coincided with the advent of the steamship, railways, and the inexhaustible need of cheap workers to realize the gigantic building projects that accompanied the Industrial Revolution. In many respects, Coolies replaced slave labor, which was increasingly out of fashion politically and socially. Unfortunately the attitudes of employers toward their labor did not change, and many Coolies were treated as if they were slaves.

As news of the mistreatment of and discriminations against Coolies spread, Chinese leaders changed their attitude dramatically towards their overseas compatriots. Two reports from commissions of inquiry sent to Cuba and Peru in 1873 and 1874, which stressed the horrific abuses endured by the Chinese contract laborers, convinced Chinese leaders to alter their stance toward their migrants.<sup>66</sup> Empathy and sympathy for overseas workers replaced wariness and led Beijing's authorities to more actively protect its overseas citizens.<sup>67</sup>

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<sup>65</sup> Paul Bolt, *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia*, (Westport, CT: Praeger Publishing, 2000), 38.

<sup>66</sup> Zhuang Guotu, in *The Encyclopedia of the Chinese Overseas*, ed. Lynn Pan, (Cambridge, MA: Harvard University Press, 1999), 99.

<sup>67</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 99.

### **Chinese blood, Chinese forever**

At the same time that these changes were taking place politically, the first modern Chinese diplomats quickly grasped that their country could benefit from the economic power of the wealthy Overseas Chinese traders. Following the first Foreign Affairs Office set up in 1861, the Qing Dynasty established 46 consulates in an attempt to rally the Chinese merchants to the cause of China's modernization and encourage them to return home. A Merchants Protection Bureau was even created to look after them. But centuries of mistrust and persecution toward the merchant gentry could not be so easily removed from the minds of the public. As Zhuang Guotu acutely states, "an Overseas Chinese merchant contemplating business investments in his hometown would have little reason to believe that either he or his money was safe."<sup>68</sup> Despite the hurdles, the Qing ramped up their efforts to attract the wealth of the Overseas Chinese. They lifted the ban on foreign travel in 1893.<sup>69</sup> In 1909 they adopted a nationality law that made every ethnic Chinese Qing subjects.<sup>70</sup> Regardless of birthplace or residence, the right of blood—*jus sanguinis*—was the law of the land.

### **Ethnicity claims make host countries nervous**

The issue of blood lineage, brought to the fore in 1909, has and will continue to have lasting consequences for the integration of the Chinese citizens living abroad. Linking Chinese nationality directly to Chinese ethnicity obviously created racial tension within the countries in which Overseas Chinese reside. Host nations refrained from extending citizenship to ethnic Chinese who already had a blood and citizenship

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<sup>68</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 99.

<sup>69</sup> Wang Gungwu, *The Chinese Overseas: From Earthbound China to the Quest for Autonomy*, (Cambridge: Harvard University Press, 2000), 46.

<sup>70</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 38.

obligation toward their homeland. This view was further complicated by the traditional view that Chinese sojourners had of themselves. In part because of the challenges within their new environment as well as their Confucian inheritance, the *huaqiao* often considered themselves temporary residents of their host nations. In anticipation of the return to China, *huaqiao* tended to maintain their own cultural identity through isolation within their own ethnic communities and the creation of separate Chinese schools. All of this made the assimilation of ethnic Chinese into other countries more complicated and created suspicions about Overseas Chinese's potential disloyalty that still endure today.

### **China creates more laws to better exploit wealthy overseas traders**

Although the Republican governments (1912-1949) which followed the Qing dynasty did not address the problems faced by Overseas Chinese abroad, they managed to pass a number of directives that strengthened the ties between China and the *huaqiao*. In 1912, for example, a new organic law granted *huaqiao* representatives six seats in the Senate.<sup>71</sup> The same year also saw the founding of the oldest association of *huaqiao*—the *Huaqiao Lianhehui*. The declared goal of this association is to ensure the integration of *huaqiao* into domestic politics.<sup>72</sup> Ironically, this policy was so successful that it allowed the Kuomintang to mobilize a sizeable base of ardent overseas supporters when the party seized power in 1927. Acutely aware of the influence of the Chinese diaspora upon domestic affairs, the Nationalist government of Chiang Kai-Shek established the first coherent policy towards Overseas Chinese and promulgated “scores of laws and regulations

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<sup>71</sup> Le Bail and Shen, “Le retour des “cerveaux” en Chine: quel impact socio-politique?” 9.

<sup>72</sup> Carine Plina-Guerassimoff, *L'Etat chinois et les communautés chinoises d'outre-mer*, (Paris, France: L'Harmattan, 1997), 154-5.

dealing with Overseas Chinese education, investment, migration, and Overseas Chinese associations.”<sup>73</sup>

### **Aggressive wooing aggravates Overseas Chinese**

If many diasporans were responsive to the party’s nationalistic appeal—especially when enthusiastically contributing to the war effort against Japan—many others felt the burden of being unduly “appropriated” by their country of origin. As Le Bail and Shen aptly explain, this successive rapprochement gave way to waves of more educated migrants—teachers, civil servants, intellectuals—who actively sought to resinicize the former communities.<sup>74</sup> These missionaries were unevenly successful in their enterprise and in many cases their message and actions soured many Overseas Chinese. For example, the proselytizing done by educated migrants was heavily tainted with nationalist messages and this only served to alienate local populations and governments. This had the effect of putting many Overseas Chinese into a difficult position. Those who had drifted away from their cultural heritage and were unwilling to connect back with their homeland were nonetheless suspected within host nation countries of serving China’s interests. These conditions naturally led to increasing resentment of the mainland within an important and increasingly influential segment of the Chinese diaspora. The relationship between China and its diaspora was ripe for reversal and other factors influenced this, including the domestic political schism between Communists and Nationalists and the systemic changes brought on by the era of intensive decolonization which occurred after the end of the Second World War.

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<sup>73</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 101.

<sup>74</sup> Le Bail and Shen, “Le retour des “cerveaux” en Chine: quel impact socio-politique?” 9-10.

### **Blood is sacrificed on the altar of international relationships**

When Mao Zedong seized power in China in 1949, his government radically changed the policy towards Overseas Chinese by first turning its back on its citizens living abroad and their families still living in the PRC. This policy, combined with the survival of the Kuomintang and its move to Taiwan, led to a rivalry between the two. This rivalry between the Communists and Nationalists for affiliation with Overseas Chinese communities contributed to divided loyalties that remain to this day.<sup>75</sup>

Mao's policies toward the Overseas Chinese population had other adverse effects. The Chinese Communists saw Overseas Chinese as a means of gathering intelligence. This approach, combined with domestic disagreement over policy and rising nationalism in Southeast Asia, drove the need for policy change. The native population of Southeast Asia viewed the Chinese population within their countries as a potential Communist threat to the stability of their newly independent states. With most of its overseas population living in this area, Beijing perceived its diaspora as an impediment to achieving its diplomatic goals.<sup>76</sup> The Chinese Communist Party completely dismantled the institutions that formed and implemented the Overseas Chinese policies during the Cultural Revolution period.<sup>77</sup> Moreover, the CCP confiscated property and houses of overseas Chinese, dependents, and returnees, a process that had been initiated in 1950 with the land reforms and the Great Leap Forward.<sup>78</sup> By the 1970s, ethnic Chinese living overseas faced a hostile environment that had been artificially created by their home country. In

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<sup>75</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 102.

<sup>76</sup> Stephen Fitzgerald, *China and the Overseas Chinese*, (New York: Cambridge University Press, 1972), 145.

<sup>77</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 102..

<sup>78</sup> Mette Thunø, "Reaching out and Incorporating Chinese Overseas: The Trans-territorial Scope of the PRC by the End of the 20th Century," *The China Quarterly*, no. 168 (December 2001), 916.

addition, their own relatives who were once lauded for their active role in funneling remittances were to suffer increasing discrimination at home.<sup>79</sup> The net effect of the PRC's policies of rejection left Overseas Chinese profoundly wary of any future attempts at cooperation and reconciliation.

### **China curries favor anew with its diaspora**

The first sign that Beijing was again interested in its diaspora came after the death of Mao, when Deng Xiaoping publicly commented that “Overseas Chinese affairs should be put back on China’s agenda.”<sup>80</sup> Deng matched this rhetoric by reviving, in 1978, the All-China Federation of Returned Overseas Chinese and the Overseas Chinese Affairs Office. As part of its policy of Overseas Chinese “socialist modernization,” and in order to rally Overseas Chinese investors, expertise, and capital, the new government rehabilitated by law the 20 million Overseas Chinese’s relatives living in the PRC as well as the returnees by granting them special social, economic, and political privileges.<sup>81</sup> The PRC’s 1980 Nationality Law repudiated the *jus sanguinis* principle by stating that “Any Chinese national who ha[d] settled abroad and who ha[d] been naturalized there or ha[d] acquired foreign nationality of his own free [would] automatically lose Chinese nationality.”<sup>82</sup> This clarification of the relationship between the PRC and the ethnic Chinese was further reinforced by the reaffirmation in the 1982 constitution that “the PRC protects the legitimate rights and interests of Chinese nationals residing abroad.”<sup>83</sup> In addition, specific laws were passed in 1983 and 1985 to grant special privileges to the

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<sup>79</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 102.

<sup>80</sup> Bolt, *China and Southeast Asia’s Ethnic Chinese*, 53.

<sup>81</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 911, 915.

<sup>82</sup> Guotu, *The Encyclopedia of the Chinese Overseas*, 103.

<sup>83</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 912.

Overseas Chinese nationals who were willing to invest in the PRC.<sup>84</sup> Simultaneously, Beijing created four special economic zones specifically dedicated to these foreign investments. Located in the provinces of Guangdong and Fujian, these zones, called *qiaoxiang* areas, were specifically selected because they were viewed as “geographical areas of emotional attachment” for the Chinese living outside the mainland.”<sup>85</sup> Ties were cemented throughout the country through the creation of an extensive bureaucracy of more than 8,000 organizations reaching down to the grassroots level—county and village—of the local administration designed to reintegrate Overseas Chinese.<sup>86</sup>

### **Not sure of the turn of events, the huaqiao are slow to respond**

The success of Deng’s aggressive appeal to the “Chineseness” of its citizens living abroad was curtailed by many factors from the beginning. From 1979 to 1989, the PRC only received an estimated 5.5 billion RMB in remittances.<sup>87</sup> During the same period, the Overseas Chinese Foreign Direct Investments amounted to approximately US\$ 25 billion. While that total seems impressive, only five percent of it came from ethnic Chinese living out of Greater China (the PRC augmented with Hong Kong, Macao, and Taiwan).<sup>88</sup> One explanation for these poor results is that the hardships inflicted during Mao’s Cultural Revolution were still vividly fresh in the memory of the overseas Chinese. At home, suspicion of the returnees and their relatives and dependents was also still acute and aggravated by jealousy of their extra rights.<sup>89</sup> As the All-China Federation of Returned Overseas Chinese reported in 1994, there were

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<sup>84</sup> Elena Barabantseva, “Trans-Nationalizing Chinese Nation-State: Overseas Chinese in the PRC’s Modernization Strategies,” *ASIEN*, no. 96 (July 2005): 12-3, <http://www.asienkunde.de/articles/Barabantseva96.pdf>, (accessed 19 February 2010).

<sup>85</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 918.

<sup>86</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 916.

<sup>87</sup> Barabantseva, “Trans-Nationalizing Chinese Nation-State, 12.

<sup>88</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 920.

<sup>89</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 916.

four types of infringements on the rights of the overseas Chinese: housing confiscated before 1978 had still not entirely been returned; the interests of investors were trampled upon; Overseas Chinese detained in lawsuits were held illegally; and, returned Overseas Chinese suffered from frame-ups.<sup>90</sup> Moreover, conflict between the PRC and Vietnam at the end of the 1970s led to more than 500,000 ethnic Chinese refugees, or “boat people.” The inability of the PRC to protect the rights of its overseas nationals reinforced doubt among the Overseas Chinese about the sincerity and credibility of the shift in policy.<sup>91</sup> Indeed, as Hungdah Chiu writes, “while the PRC actively asserted its rights to protect Chinese in Vietnam, it had done nothing to prevent the mistreatment or massacre of thousands of Chinese by the Pol Pot regime.”<sup>92</sup> Lastly, the Tiananmen Square massacre (1989) cast serious doubt upon China’s advertised modernization and openness to the world, discouraged foreign investments, and made it difficult for the leadership to entice Chinese students abroad to return. Other nations provided options for those students as well. President George H. W. Bush’s famous “June 4<sup>th</sup> green card” provided “numerous Chinese students and scholars with a shortcut to permanent residency.”<sup>93</sup>

### **Host nations grant the PRC its international recognition**

Although the economic contribution of the Overseas Chinese to the “Four Modernization” policy was slow at first, Deng Xiaoping’s reforms had nevertheless achieved the essential first step of his long-term

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<sup>90</sup> Bolt, *China and Southeast Asia’s Ethnic Chinese*, 62.

<sup>91</sup> For the figures see Li Tana, in *The Encyclopedia of the Chinese Overseas*, ed. Lynn Pan (Cambridge, Mass.: Harvard University Press, 1999), 233.

<sup>92</sup> Hungdah Chiu, “China’s Legal Position on Protecting Chinese Residents in Vietnam,” *The American Journal of International Law*, Vol. 74, no. 3 (July 1980): 688. <http://www.jstor.org/stable/2201663?seq=4> (accessed 19 February 2010).

<sup>93</sup> Haiming Liu, “Historical Connections Between the Chinese Trans-Pacific Family and U.S.-China Relations” in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, edited by Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002), 12.



strategy: diplomatic recognition on the international stage. Having normalized its relations with the United States as early as 1979, Beijing's claimed focus on its nationals abroad, as opposed to the former claims by nationalists on all ethnic Chinese, eased the tensions with its Southeast Asian neighbors. Ethnic Chinese citizens abroad overcame their suspicions in their eagerness to surf the wake of development promised by China's rise. Even in the aftermath of Tiananmen, the PRC managed to establish diplomatic relationships with regional countries including Singapore, Indonesia, and South Korea, to name but a few.<sup>94</sup>

### **Ethnicity reappears at the forefront of China's rhetoric**

The mid-1990s saw a drastic change in PRC policy towards its overseas population. In particular, the CCP broke with its earlier strategy of vague references to ethnicity to appeal explicitly to the Chineseness of migrants. These changes were brought on, in large part, by strengthened ties between the PRC and the international community as well as the opportunity presented by the demise of the Soviet Union. Appeals by the PRC to sentiment and racial ties, which were banned from the official parlance but underpinned the *qiaoxiang* policy, reappeared at the forefront of publications on investments.<sup>95</sup> This resurgence of appeals to overseas Chinese' common descent, blood, and culture with China were prompted, as Barabantseva explains, by the fact that the PRC's leaderships realized that 90 percent of the Overseas Chinese were of foreign nationality.<sup>96</sup> In order to reforge Overseas Chinese identity, Beijing relied heavily on its heterogeneous waves of new migrants—"the elite of the Chinese nation," as Guotu refers to them—

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<sup>94</sup> Dennis Roy, *China's Foreign Relations*, (Boulder, CO: Rowman & Littlefield, 1998), 35.

<sup>95</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 59.

<sup>96</sup> Barabantseva, "Trans-Nationalizing Chinese Nation-State, 10.

predominantly composed of students, scholars, and highly-skilled young professionals.<sup>97</sup>

### **New migrants seen as ideal to resinicize Chinese diaspora**

The four million young Chinese migrants who left Greater China during the 1980s and the 1990s were presumably more loyal to the motherland and had positive ripple effects on the older Overseas Chinese communities.<sup>98</sup> Sun remarks that sending Chinese abroad for primary and secondary studies was not approved by the state on the grounds of the premature exposure to the Western culture.<sup>99</sup> The CCP preferred to send mature citizens who had already studied in Chinese universities and who were more prone to adapt easily in their host society while manifesting a strong familial, traditional, and cultural attachment to homeland.<sup>100</sup> As Thunø suggests, however, wooing these new migrants offered many advantages over their more mature counterparts. They involved fewer diplomatic concerns with host countries regarding their nationality, inasmuch as many of them keep their Chinese citizenship. It presented the advantage of bypassing the traditional channels of relatives, returnees, and *qioaxiang* areas while dealing directly with them. Lastly, younger Chinese migrants required “fewer resources in terms of propaganda to maintain their loyalty and cultural attachment.”<sup>101</sup> Moreover, as some scholars points out, the overall number of Overseas Chinese increased to more than 30 million and the continuous pouring of “fresh blood” into the Overseas Chinese

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<sup>97</sup> Zhuang Guotu quoted in Barabantseva, “Trans-Nationalizing Chinese Nation-State,” 12.

<sup>98</sup> Figures from Zhuang Guotu quoted in Barabantseva, “Trans-Nationalizing Chinese Nation-State,” 13, 19.

<sup>99</sup> Wanning Sun, *Leaving China: Media, Migration, and Translational Imagination*, (Lanham, MD: Rowman and Littlefield, 2002), 3.

<sup>100</sup> Barabantseva, “Trans-Nationalizing Chinese Nation-State,” 19.

<sup>101</sup> Thunø, “Reaching out and Incorporating Chinese Overseas,” 922.

communities led to “the overall sense of Chineseness [becoming] stronger among the old Chinese diaspora.”<sup>102</sup>

### **China ramps up its efforts to bridge with its diaspora**

While appealing to “the ardent love like a new-born baby that the ethnic Chinese have for their former land,” the PRC increased its efforts to cement conclusively its bonds with the diaspora.<sup>103</sup> The number of institutions dedicated to deal with ethnic Chinese expanded considerably and those that already existed benefited from the attention of the highest level of the Communist Party’s hierarchy.<sup>104</sup> By 2000, and since the beginning of the modernization process launched by Xiaoping, “the development of the Overseas Chinese policy resulted in the adoption of more than 360 relevant laws and regulations by the Chinese People’s Congress and more than 800 by the State Council.”<sup>105</sup> According to Liu, approximately 100 world conventions of Chinese associations took place in the period.<sup>106</sup> Moreover, according to Thunø, Chinese authorities directly sought to contact influential overseas ethnic Chinese by sending them official invitations and even delegations to meet them in their countries of residence. For instance, from 1993 to 1997, “Fujianese authorities paid more than 136 official visits abroad, leading to the formal contact with more than 800 ethnic Chinese associations, and visits to Fujian by 235,500 leaders of ethnic Chinese associations and 36 prominent business tycoons.”<sup>107</sup>

Promotion of culture and education were also overtly and widely exploited as a preferential venue for embracing Chinese abroad.

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<sup>102</sup> Barabantseva, “Trans-Nationalizing Chinese Nation-State, 19.

<sup>103</sup> Lin Jinzhi quoted in Bolt, *China and Southeast Asia’s Ethnic Chinese*, 59.

<sup>104</sup> Bolt, *China and Southeast Asia’s Ethnic Chinese*, 57.

<sup>105</sup> Barabantseva, “Trans-Nationalizing Chinese Nation-State, 5.

<sup>106</sup> Hong Liu, “Old Linkages, new Networks: The Globalization of Overseas Chinese Voluntary Associations and its Implications,” *The China Quarterly*, no. 155 (September 1998), 586.

<sup>107</sup> Thunø, “Reaching out and Incorporating Chinese Overseas, 924.

Academic works focusing specifically on Overseas Chinese affairs increased noticeably, as well as the numbers periodicals devoted to Chinese diasporans.<sup>108</sup> In the 1990s, more than 400 films and 3,300 special television productions were made for the overseas audience, and 50 cultural groups visited 60 countries.<sup>109</sup> At the same time, the PRC sent some 150 teachers, supported with 20 different sets of teaching material specially compiled for its overseas targets, to teach Chinese in 20 countries. Several thousand overseas teachers also received Chinese teaching training in the PRC. Furthermore, summer language camps set up for second and third generation ethnic Chinese received almost 100,000 participants during the same decade.<sup>110</sup> In addition to the two universities—Jinan University and Huaqiao University—specially designed to urge Overseas Chinese students to come to China, Le Bail and Shen identify seven specific exchange programs targeting Overseas Chinese academics that were created in the 1990s, such as the *Chunhui* and the *Changjiang* programs.<sup>111</sup>

### **Enduring lessons of the China-Overseas Chinese relationship**

This short history of the Overseas Chinese from the Ming dynasty to nowadays underscores number of enduring traits that characterize the relationship between the PRC and its diaspora. It emphasizes that China has recurrently resorted to ethnicity as a means to foster economic inflows and interactions between the diasporans and their dependents or friends at home. This is truer today than ever. In its ceaseless quest to attract the wealth necessary for its development, China is also accustomed to identifying specific high-value targets within the diasporic communities that can not only invest their own money in China but also

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<sup>108</sup> Bolt, *China and Southeast Asia's Ethnic Chinese*, 57.

<sup>109</sup> Thunø, "Reaching out and Incorporating Chinese Overseas, 923.

<sup>110</sup> Thunø, "Reaching out and Incorporating Chinese Overseas, 924.

<sup>111</sup> Le Bail and Shen, "Le retour des "cerveaux" en Chine: quel impact socio-politique?" 18.

influence members of their communities to do so. If wealthy merchants were looked after formerly, the PRC focuses more on "new migrants," tycoons, and the Shetuan's leaders nowadays.

However, wooing its diaspora has not gone without serious drawbacks. The Chinese population at the grassroots level is envious of the extra rights enjoyed by the Overseas Chinese and their families, host nations are wary of the over generalized blood allegiance of their citizens of Chinese descent, and Overseas Chinese themselves can resent this aggressive courting that often encourages their ill-treatment by resentful local populations.

The ill-treatment of its kin abroad has always been of great concern to the Chinese people despite appearances. One indeed has to understand that ill-treatment of its kin is what first sparked the interest of the PRC's people for the Overseas Chinese. The fact that China has not always fulfilled its obligations of protection toward its citizens abroad is more a reflection of a long-term power play calculus than an absence of concern about their fate. It is important to note that this historical predisposition the PRC had to sacrifice blood ties on the altar of a greater purpose has also contributed to make ethnic Chinese wary of the PRC's blood rhetoric.

The last point that this short history emphasizes is the significant role that host nations hold in this relationship. Host nations have indeed been a key actor in the PRC's international recognition. This role is still important today inasmuch as the PRC needs their support to implement its One China policy. Host nations also significantly affect the way of life of their ethnic Chinese communities, inasmuch as envy, resentment, and suspicion of loyalty to the PRC have often driven indigenous population to mistreat the Chinese diasporas. Therefore, any study of the relationship of the PRC with its diaspora must take into account the role of the host nations.

It is also of importance to note that this account points out a major change in the historical pattern that usually characterized the relationship between the PRC and its diaspora. Indeed, this relationship has entered a new phase that does not match the traditional pattern identified by Wang Gungwu in Chapter 1. Instead of comprising the usual "Weak China-Strong appeal to Overseas Chinese:—"Strong China-Weak appeal to Overseas Chinese," the relationship can be described instead as "Strong China-Strong appeal to Overseas Chinese." This change cannot go unnoticed by the members of the worldwide Chinese communities and may convince them that their relation with the PRC has entered a new era wherein the PRC might be able to better express its concerns about the fate of its kin abroad.